

SPECIAL COMMITTEE REPORTS

Spec. Com. Rep. No. 1

The Joint Legislative Committee on Family Caregiving (JLCFC), created pursuant to Act 285, Session Laws of Hawaii (SLH) 2006, and having been directed to report to the Legislature by Act 204, SLH 2007, entitled:

“A BILL FOR AN ACT RELATING TO CAREGIVING;”

begs leave to report as follows:

PART I. INTRODUCTION

The following report is the result of the work of the JLCFC conducted during the 2007 Interim. Part II of this report provides the background of the JLCFC. Part III provides a summary of the following studies and surveys:

- (1) Caregivers Needs Assessment (page 6);
- (2) Employer Eldercare Survey (page 9);
- (3) Cash and Counseling (page 10);
- (4) Cost-Benefit Analysis of Tax Credit (page 11);
- (5) Grandparents Needs Assessment (page 12); and
- (6) Legislative Reference Bureau (LRB) Respite Study and Executive Office on Aging (EOA) Respite Inventory (page 12).

Part IV contains the findings and recommendations of the JLCFC, including findings and recommendations related to:

- (1) Extending the work of the JLCFC (page 14);
- (2) Kupuna Care (page 14);
- (3) A home modification tax credit (page 14);
- (4) A caregiver tax credit (page 15);
- (5) Center on Aging Research and Education (page 15);
- (6) Paid Family Leave (page 16);
- (7) Cash and Counseling (page 17);
- (8) Grandparents Raising Grandchildren (page 18);
- (9) Respite (page 18); and
- (10) Emergency Care (page 19).

Part V is the conclusion.

PART II. BACKGROUND**Introduction**

Hawaii has a strong tradition of family caregiving. Family caregivers¹ are family members, friends, and neighbors who provide unpaid assistance to those over the age of sixty or are grandparents raising their grandchildren. Recently, however, caregiving of family elders has become more than an act of love and familial responsibility. Due to a shortage of care providers in Hawaii, family caregiving is a critical element of our health and long-term care system.

By 2020, more than one in four individuals is expected to be sixty or older. As Hawaii's population ages, many more families will be providing higher levels of long-term care to frail and disabled older adults at home. Family caregivers provide great economic value to the State and the State must support and encourage them. Family caregiving delays institutionalization and allows people to remain in their homes.

While family caregiving is often an act of love, family caregivers play a dual role and often face added burdens in caring for their loved ones while fulfilling other family and workplace responsibilities. A continued effort to create comprehensive public policy to strengthen support for family caregivers is essential as the population ages before our eyes. The State can build on and encourage the strong tradition of family caregiving in Hawaii by making a plan for the future that includes research, development of best practices, and outcome measurement.

Legislative Mandate

The JLCFC was created by Act 285, SLH 2006. Senate Bill 1916, C.D.1, enacted as Act 204, SLH 2007, (Act 204), extended the JLCFC's mandate until June 30, 2008. The JLCFC members are: Senator Les Ihara, Jr. and Representative Marilyn B. Lee, Co-Chairs; Senators Rosalyn Baker, Suzanne Chun Oakland, and Gordon Trimble; and Representatives Karen Awana, John Mizuno, and Alex Sonson.

¹ Act 204, SLH 2007, states, in relevant part:

For purposes of this Act, “family caregiver” means:

- (1) A person, including a non-relative such as a friend or neighbor, who provides unpaid, informal assistance to a person age sixty and older with physical or cognitive disabilities; and
- (2) A grandparent who is a caregiver for a grandchild who is age eighteen years or younger, or who is nineteen years of age or older with physical or cognitive limitations.

The purpose of Act 204 is to continue to strengthen support to family caregivers, in part, by directing the JLCFC to:

- (1) Explore establishing a paid family leave program under the State's Temporary Disability Insurance Law; and
- (2) Conduct a comprehensive needs assessment of the needs of family caregivers and care recipients who are age sixty and older with physical or cognitive disabilities. The needs assessment must include an evaluation of:
 - (A) The size of the current family caregiver population;
 - (B) The impact of caregiving on the family caregivers' employment and income;
 - (C) The percentage of care recipients' needs being met by paid versus unpaid caregivers; and
 - (D) The extent of unmet caregiving needs of persons age sixty and older with physical or cognitive disabilities.

The JLCFC was directed to seek input from the Department of Health, Department of Human Services, Department of Taxation, University of Hawaii (UH), EOA, and elderly, disability, business, and faith-based communities. The JLCFC was also directed to submit its findings and recommendations to the Legislature no later than twenty days prior to the convening of the Regular Session of 2008.

Approach of the JLCFC

The JLCFC met for informational meetings on July 6, 2007; August 16, 2007; November 7, 2007; November 16, 2007; December 4, 2007; December 11, 2007; and December 18, 2007. The major issues of discussion included: the caregiver needs assessment; grandparents raising grandchildren, generally, and the grandparent needs assessment; the eldercare employer survey; a paid family leave program; a cost-benefit analysis of a caregiver tax credit; cash and counseling; and respite programs.

The JLCFC worked in collaboration with the Legislative Kupuna Caucus to solicit information on topics of mutual interest. In particular, at the September 7, 2007 Kupuna Caucus meeting, Kupuna Care and the UH Center on Aging Research and Education (CARE) were discussed. At the October 5, 2007 Kupuna Caucus meeting, the JLCFC received an update on the status of Kupuna Care funding. On November 2, 2007, plans for UH CARE were discussed.

The Co-Chairs also held several meetings on behalf of the JLCFC on various topics, including the family caregiver needs assessment, UH CARE, cash and counseling, paid family leave, temporary disability insurance, and respite care.

The JLCFC conferred with all of the organizations as directed by Act 204. Various organizations participated in the informational hearings and provided input and testimony. These organizations included:

Governmental Departments and Agencies:

- (1) City and County of Honolulu, Elderly Affairs Division;
- (2) County of Hawaii, Office of Aging;
- (3) County of Kauai Agency on Elderly Affairs;
- (4) County of Maui, Office on Aging;
- (5) Department of Education;
- (6) Department of Hawaiian Home Lands;
- (7) Department of Health;
- (8) Department of Human Resources Development;
- (9) Department of Human Services;
- (10) Department of Labor and Industrial Relations;
- (11) Department of Taxation;
- (12) EOA;
- (13) Kapiolani Community College;
- (14) Office of Hawaiian Affairs;
- (15) Policy Advisory Board for Elder Affairs;
- (16) UH Public Policy Center;
- (17) UH School of Nursing and Dental Hygiene; and
- (18) UH School of Social Work.

Other Interested Organizations:

- (1) AARP Hawaii;
- (2) Capital Consultants;
- (3) Catholic Charities Hawaii;
- (4) Center for Independent Living;
- (5) Chamber of Commerce of Hawaii;
- (6) Child and Family Services, Gerontology Program;
- (7) Developmental Disabilities Council;
- (8) Disability & Communication Access Board;
- (9) Easter Seals Hawaii;
- (10) Eldercare Hawaii;
- (11) Funeral Consumers Alliance Hawaii;
- (12) Hawaii Insurers Council;
- (13) Hawaii Medical Service Association;
- (14) Hawaii Public Policy Advocates, LLC;
- (15) Hawaiian Electric Company, Inc.;
- (16) ILWU, Local 142;

- (17) Kahi Mohala;
- (18) Kaiser Permanente Hawaii;
- (19) Kokua Council;
- (20) Lanakila Rehab Center;
- (21) Na Tutu;
- (22) National Association of Social Workers;
- (23) National Federation of Independent Businesses;
- (24) Queen Liliuokalani Children's Center;
- (25) Society for Human Resource Management;
- (26) St. Francis Healthcare Systems Hawaii;
- (27) Teamsters, Local 996; and
- (28) Today's Kupuna.

The JLCFC also obtained input from interested individuals and caregivers, including grandparents who are primary caregivers to their grandchildren. The JLCFC also heard testimony from representatives of the following programs currently in place in other states: The California Paid Family Leave Program and the Washington State Paid Family Leave Program.

PART III. STUDIES AND SURVEYS

Family Caregiver Needs Assessment

Act 204 mandates that a comprehensive needs assessment be conducted to determine, among other things, the size of the current family caregiver population, the percentage of care recipients' needs being met by paid versus unpaid caregivers, the impact on the family caregivers' employment and income; and the extent of unmet caregiving needs of persons age sixty and older with physical or cognitive disabilities.

A contract to conduct the needs assessment was awarded to Pacific Research and Planning Associates, and a second contract was awarded to the UH School of Social Work to analyze the data. The UH Center on Aging assisted with the family caregiver needs assessment. Respondents were identified by random digit dialing and a set of screening questions was used to identify caregiving households. Six hundred responses were obtained statewide. The JLCFC has an analysis of the weighted data, however the final version of the needs assessment is not yet available to the public. The results of the survey of Hawaii's older adults and their unmet needs were unavailable at the time of this report.

Based on the survey results, over one quarter of Hawaii households contain at least one individual providing care for adults over sixty. The family caregiver needs assessment estimated that of the 443,275 households in the State, approximately 118,350 are caregiving households. This did not necessarily mean that the caregiver and care recipient lived together.

Of the family caregivers who responded to the survey, 27.2 per cent are Caucasian, 30.8 per cent are Japanese, and 20.7 per cent are Hawaiian or part Hawaiian.

Over 73 per cent (73.6 per cent) of family caregivers are female and the average age is 54. Generally, most of the caregivers are caring for their parents (55.9 per cent) and spouses (approximately 16 per cent). Care recipients are largely female (64.8 per cent) and the average age of care recipients is approximately 80 years of age. The majority of care recipients either live alone or with their caregiver. The family caregiver needs assessment highlighted that 3 per cent of care recipient reside in a nursing home, which emphasizes the fact that almost all caregiving takes place in a community-based setting and not in an institutional setting.

More than 17 per cent of caregivers are also raising their grandchildren. Just over one quarter of caregiving households (27.5 per cent) include children under the age of 18.

The needs assessment confirms that the household income levels of caregivers tend to be low, with approximately 15.1 per cent in the \$25,000 to \$29,000 income range, and 13.2 per cent falling into the \$30,000 to \$34,999 income range. In general, more than 53 per cent of caregivers report earning less than \$35,000 annually.

The most common health problems of those receiving care include hypertension, heart disease, arthritis, dementia, and mental health problems, which may include Alzheimer's disease.

The majority of family caregivers are providing assistance with instrumental activities of daily living (IADL), such as shopping and transportation, as well as meal preparation and laundry, to a lesser degree. These types of services tend to require higher cognitive abilities and are often more complex tasks that may not be covered by long-term care insurance. Medical needs and activities of daily living (ADL), such as bathing and dressing, are also high on the list of types of care provided.

Most caregivers provide care for a period of one to five years. The caregivers tend to be the primary providers of care. The average hours of caregiving provided is approximately 20 hours per week. Approximately 29 per cent of caregivers surveyed state that they provide constant care. Fifty-one of the respondents report using paid help and those that did report using paid help use an average of 8.7 hours a week. Caregivers use an average of a little less than seven hours per week of unpaid help from other family members or friends.

Seven to twenty-five per cent of family caregivers use various types of community services such as nursing services, training services, legal services, and transportation services. The family caregiver needs assessment indicates that this percentage is higher than other national studies that have reported service utilization at less than 10 per cent.

Most respondents state that other types of assistance such as more affordable services, general community services, lower taxes, and other types of financial assistance would be helpful. Better medical service would also be helpful.

Most caregivers also support a paid family allowance (80.7 per cent) and case management (77.6 per cent), which are instrumental parts of a cash and counseling program.

In addition, respite care is one of the top choices of assistance that caregivers think would be helpful. Younger caregivers are more supportive of respite, including daytime, overnight, and weekend respite. Some caregivers report using respite care, provided by informal (unpaid) or formal sources.

Approximately 17 per cent of respondents report that they encounter problems trying to get the services they need.

With regard to the negative effects of caregiving, on a scale of one (no hardship) to five (a great deal of hardship), caregivers rank emotional strain the highest, physical strain the second highest, and financial strain the lowest. Overall, however, the mean scores indicate low levels of negative effects from caregiving.

The needs assessment reveals that caregiving directly affects the workplace. With regard to employment, approximately 55 per cent of caregivers are employed, with about 78 per cent of employed caregivers working full time in addition to providing care.

In addition, many employed caregivers report changes in their work situations due to caregiving. For example, 94 per cent rearrange their work schedules, 77.9 per cent take time off during the work day, and 52.7 per cent experience interruptions to their work day for crisis care. For employed caregivers, 7.3 per cent of their employers offer some form of paid family leave, and 7.8 per cent provide leave without pay. Approximately 9.7 per cent of employers offer part-time work as an eldercare benefit.

Family caregivers support government intervention. According to the caregiver needs assessment, out of the thirteen types of government intervention identified, family caregivers are interested in some type of caregiver tax credit, with 94 per cent of caregivers selecting this option. Caregivers preferences also include the following types of government intervention: requiring employers to offer unpaid family leave (88.9 per cent); providing a place for information and support (90.7 per cent); making community services more affordable (88.3 per cent); authorizing a state income tax credit for long-term care insurance (84.3 per cent); and providing training and education for caregivers (86.4 per cent).

The research indicates in its overall findings that of all the family caregivers, the younger, employed family caregivers are the most impacted by their caregiving responsibilities.

Eldercare Policies in the Workplace

In 2007, the EOA, UH Center on Aging, and UH School of Social Work conducted an *Eldercare Policies in the Workplace* survey.

The employer survey findings indicate that employers are aware of the increase in family caregivers among their employees. One third of employers felt that at least 15 per cent of their employees are providing eldercare.

Employers identify the most common effects of caregiving on the workplace as being employees rearranging their work schedules, as well as employees arriving late or leaving early.

Almost 60 per cent of the respondents agree that employers should provide benefits to their employees affected by family caregiving responsibilities. Employers favor a tax credit to purchase long-term care insurance (70 per cent), while a little less than half of the employers surveyed favor some type of state subsidy to provide eldercare benefits or wage replacement.

The employer survey indicates that employers are more supportive of eldercare policies when they perceive the policies as increasing productivity. Younger, female executives, and human resource managers tend to be more positive in their attitude about eldercare benefits and public policies to address eldercare.

Research on Cash and Counseling

Pursuant to Act 204, EOA researched cash and counseling programs in other states, including Arkansas, New Jersey, and Florida. EOA contracted with the UH School of Social Work to conduct research and prepare a report to the Legislature. The research indicated that cash and counseling programs are promising programs that help to ensure consumer directed home- and community-based care for elders and persons with disabilities, while benefiting caregivers as well. Under the cash and counseling program, recipients of Medicaid personal care services or home- and community-based services receive a flexible monthly allowance and decide who to hire and what services they want to receive.

The program's innovative approach enables participants to direct and manage their personal assistance services according to their own specific needs based on a care plan developed with their case workers. Participants receive counseling and fiscal assistance to help them manage their allowance and responsibilities. Participants can choose a family member or friend, in lieu of an agency worker, to provide the services. This enables family caregivers to receive a level of financial recognition and support for their efforts and offsets some of the financial sacrifices that family caregivers make to care for loved ones.

These programs have been successful in three state Medicaid-waiver demonstration programs, and fifteen states now offer cash and counseling programs. The research shows that more needs were met, both care recipients and caregivers report higher levels of satisfaction than those who participated in traditional program services, and the consumer impact was substantial. Some program planners also believe that participants tend to be more frugal in expending funds allotted to them in order to maximize the amount of services received. The biggest limitation was the issue of the costs associated with providing this type of program, however, some of the increased costs could be explained by the fact that persons who participated in cash and counseling programs were receiving the proper services, which they had not been receiving under traditional programs.

Illinois is currently offering a non-Medicaid cash and counseling program and West Virginia and Vermont are close to implementing similar programs. By 2009, an evaluation of the Illinois program should be available.

Cost-Benefit Analysis of Tax Incentives for Family Caregivers

Act 204 mandates EOA to prepare a cost-benefit analysis of a family caregiver refundable income tax credit as proposed in S.B. No. 1199, S.D. 2 (2007). The tax incentive examined contemplates a cash payment to caregivers in the form of a maximum \$1,000 credit to go towards the caregivers' state income tax.

The cost-benefit analysis was based on the preliminary, unweighted results of the family caregiver needs assessment. In looking at the cost benefit analysis of a refundable caregiver tax credit, the report indicates that the focus was the cost not to the state government but to the state economy.

The report indicates that the Department of Taxation estimated that 46,943 family caregivers would claim the credit. According to the report, based on this number, the general revenue loss to the general fund would be \$30.7 million. This is based on the assumption that not all those who were eligible would claim the tax credit.

The report also indicates that approximately \$2.3 million would be generated in the State's economy by the money received as a tax credit and later spent by the family caregivers. In examining how the money would be spent, 40 per cent said personal and family spending; 40 per cent said retirement/personal savings; and 20 per cent said on adult care and home care for the care recipient. According to the report, the 20 per cent spent on adult and home care may provide a stimulus for the home care industry and may increase the labor market.

Grandparents Raising Grandchildren Needs Assessment

During the 2006 Interim, numerous testifiers appeared on behalf of grandparents in support of recognizing their role as family caregivers for their grandchildren. At the time, this group fell outside the scope of the JLCFC and the definition of family caregiver was revised by Act 204 to include this population of family caregivers.

During the 2007 Interim, the UH Department of Family and Consumer Science prepared the *Needs Assessment of Grandparents Raising Grandchildren*. The grandparent needs assessment indicates that over 14,000 grandparents are primary caregivers for over 33,000 grandchildren in the State. These grandparents are providing a great service to the State by caring for these children outside of the foster care system. The needs assessment also shows that grandparents who provide care to their grandchildren often suffer emotional, physical, and financial costs, and these grandparents are a vulnerable population. The types of services needed by these grandparents include: support groups; financial assistance; respite; and assistance in dealing with legal issues such as custody.

Legislative Reference Bureau Report and Respite Care Inventory

During the 2007 Interim, pursuant to H.C.R. No. 187 (2007), LRB researched how other states address the issue of respite care. While the report is not yet in its final form, the LRB report indicates that there are forty-four million unpaid family caregivers nationwide and that only 5 per cent of caregivers receive respite services. The benefits of respite include a decrease in stress and a delay in institutionalization of the care recipient.

At least sixteen states currently address respite care in their statutes. The types of statutes vary, with some focusing on services for older adults, others having financial requirements, and others specifying the types of settings in which respite can take place. In addition, while there are some stand-alone respite care programs in other states, most are offered as part of a package of programs including home care, transportation, and health care.

During the 2007 Interim, pursuant to H.C.R. No. 187 (2007), EOA contracted with the UH School of Social Work to compile an inventory of respite care in the State. Respite agencies were contacted by telephone throughout the State and information was gathered as to the type of respite provided; the method of payment required; whether the agency had a waiting list; and the population served by the agency. While the inventory has not yet been completed, it appears that Oahu has approximately forty-three agencies that provide respite care. Twenty-three are private pay only and tend not to have wait lists.

PART IV. SUBSTANTIVE ISSUES

The JLCFC envisions a comprehensive and sustainable, community-based family caregiver support system that has components including: (1) a coordinated referral and case management service; (2) centralization of available services; (3) volunteers; (4) education and training; and (5) financial assistance.

The JLCFC has had the benefit of examining localized studies and surveys, some of which contained preliminary results, that provide concrete evidence of the needs of family caregivers. The JLCFC has also had the benefit of looking at what other states have done and are doing in response to the growing concern of eldercare issues.

In making its recommendations, the JLCFC examined the information and data provided by the studies and surveys conducted and focused on addressing the immediate needs of family caregivers, as well as facilitating the development of a comprehensive, community-based family caregiver support system by recommending measures that will contribute to that goal.

After hearing all of the testimony and discussion, as well as examining the various studies and surveys presented, the JLCFC makes the findings and recommendations described below.

Finding A: For many family caregivers, their role as caregiver arises as suddenly as the care recipient's health declines, leaving the caregivers with an immediate need for services. Family caregivers often do not have any education regarding what services are available to them. In addition, the family caregivers may not know where to find the services that they or the care recipients need. The caregiver needs assessment reveals that family caregivers would benefit from a greater access system that coordinates services and policies and that provides referrals to services and providers. The family caregiver needs assessment clearly shows that family caregivers themselves need support services, including respite services, financial services, and training, education, and counseling on caregiving.

The JLCFC finds that as the baby boomer population ages, there is a national trend to address eldercare issues. Hawaii has a high proportion of older citizens in its population when compared to other states. Therefore, the impact of aging on Hawaii will arguably be greater, and the State needs to take a proactive role in addressing these issues.

Recommendation A: The JLCFC recommends that:

- (A1) The work of the JLCFC be extended for one year beyond its sunset date of June 30, 2008, to continue to develop a comprehensive and sustainable, community-based family caregiver support system. In keeping with the JLCFC's policy of determining what the State can do to foster a person's ability to age-in-place, the name of the JLCFC should be changed to the "Joint Legislative Committee on Aging in Place" and the mandate expanded to allow members of the committee to look into issues and concerns that are related to "aging in place." In addition, as part of the continuation of the committee, the Hawaii Aging and Disability Resource Center (ADRC) should provide an update to the JLCFC of its development and implementation of the physical site in the County of Hawaii, and the "virtual" site planned for the City and County of Honolulu;
- (A2) An appropriation be made, for inclusion in EOA's base budget within the Executive Budget, for the Kupuna Care program administered by EOA to continue providing services to qualified care recipients and their family caregivers;
- (A3) A tax credit be provided for the cost of home modifications to enable the family caregiver to better assist the care recipient in the home, or as an alternative, providing grants for home modification through Kupuna Care using a cash and counseling approach; and
- (A4) A caregiver tax credit be established for family caregivers who provide care for qualified care recipients, or in the alternative, providing grants through Kupuna Care using a cash and counseling approach.

Finding B: The information and data provided by all of the studies and surveys presented to the JLCFC emphasize the importance of research, education, and training in building a family caregiver and "aging in place" support system in the State. An inclusive, information sharing, interdisciplinary center on aging is needed to address the issues of eldercare in the State.

Because of its expressed commitment to serve in this role, the JLCFC has identified UH as the appropriate partner to coordinate the research, education, and training needs in developing a comprehensive family caregiver support system that would allow Hawaii's elderly to age in place.

A center on aging research and education will recognize the important role of aging in the future of our State and officially establishing a research center focusing on aging at the university level elevates the importance of this issue.

Recommendation B: The JLCFC recommends that UH, in collaboration with the entire UH system, the state and county governments, and other interested entities, coordinate people and resources on behalf of the State to lead research, training, education, outreach, and public policy activities on elder issues, as well as to follow up on the outcomes of initiatives. An interdisciplinary center on aging should be formally and physically established and should serve as the focal point of all information related to eldercare.

The JLCFC recommends appropriations be made for UH CARE to provide for additional faculty positions and to assist UH CARE in carrying out its mission of establishing a research, education, and training center on eldercare issues for the benefit of the entire State. Among its projects, UH CARE should develop a cash and counseling model for use in delivering cost-effective services and grants to enable Hawaii's elderly to age in place.

Finding C: Both the family caregivers needs assessment and employer survey discussed above demonstrate that many people who find themselves faced with the demands of providing informal caregiving are also employed in the workforce. Oftentimes, to accommodate the demands of caregiving that grow as dependency of the care recipient increases, family caregivers tend to reduce work hours, adjust or abandon career and personal goals, and retire earlier than planned. This is especially true of younger caregivers who put their earning potential on hold while caring for a loved one. These younger caregivers tend to have high levels of stress because they often have caregiving responsibilities on top of their work responsibilities and the responsibility of raising their children. These caregivers experience great strain in trying to balance all of these responsibilities and some of these stresses are manifested in the workplace.

In addition, the fact that employees are leaving the workplace to provide care for family members directly affects employers by decreasing the available workforce and increasing the costs associated with lost productivity. The aging of the population brings with it a decline in the number of people gainfully employed and this decline may be further exacerbated by caregivers having to give up or reduce employment. With the unprecedented growth of older adults in Hawaii, the State can expect to see a significant increase in the number of employed family members who will be providing care to their parents or grandparents.

A paid family leave program can address the impact caregiving has, and will continue to have, on the workplace and could be beneficial to both the employed caregiver and the employer. A paid family leave program is also the most far reaching caregiving benefit available as it can be utilized by a larger group of caregivers, including those who have to provide care to relatives living on the mainland or overseas.

Recommendation C: The JLCFC recommends establishing an employee-financed paid family leave program under the state Temporary Disability Insurance Law to provide wage replacement benefits to employees who take time off from work to care for a seriously ill family member.

Finding D: The family caregiver needs assessment shows that caregivers need more affordable services and financial assistance. The cash and counseling research demonstrated that those states that had cash and counseling programs reported high satisfaction by both caregivers and care recipients and allowed informal caregivers to receive financial recognition for their services.

In Hawaii, there are out-of-pocket costs for families to pay for home- and community-based programs that are available for elders and persons with disabilities. The government pays for such services for those who have lower incomes and qualify for Medicaid. However, a majority of Hawaii's families are ineligible for public assistance and are having to carry the financial burdens of caregiving. This leaves a gap in services for those elders of modest means. As a result, this group of individuals has the least coverage in terms of home- and community-based services. The JLCFC believes that Hawaii should consider providing a cash and counseling program to non-Medicaid eligible elders to allow this group of individuals to have control over their care, while benefiting their caregivers.

The work on cash and counseling being conducted by EOA and the UH School of Social Work will continue until the end of the 2007-2008 fiscal year. The research conducted shows that a cash and counseling program is worth pursuing, and it is essential to continue the work in developing phase two of a cash and counseling program that can be completed by the end of 2008.

Recommendation D: The JLCFC recommends that funds be appropriated for the design of a cash and counseling program for non-Medicaid participants to direct and manage their personal assistance services according to their own specific needs, while enabling family caregivers to receive a level of financial recognition and support.

In addition, the design program may consider including a respite care component, a case management component, a separate fiscal agent, a personal care component, and allowing the consumer to be the employer of any service provider, whether an agency or family member. The design project should report back to the JLCFC twenty days prior to the start of the 2009 Regular Session.

Part of the funding is to coordinate an advisory group to assist with the design of the cash and counseling program. The advisory group should specifically look at whether there should be an asset limitation or restriction on consumers in order to ensure that those who have the greatest need and the fewest resources are able to utilize such a program.

Finding E: The family caregiver needs assessment demonstrated that while services for grandparents raising grandchildren exist, many grandparents do not know that they are eligible for these services, are unaware of how to obtain these services, or do not have access to these services. Grandparents raising grandchildren play an important role in ensuring the well-being of Hawaii's children and they provide care to their grandchildren. It is vital to support these grandparents and address their needs.

Recommendation E: The JLCFC recommends that a task force be established to follow up on the issues raised by the grandparents raising grandchildren needs assessment in order to identify barriers grandparents raising grandchildren face and how to overcome these barriers, as well as how to address legal issues, such as custody. The JLCFC recommends that the task force be co-chaired by representatives of EOA and UH College of Tropical Agriculture and Human Resources. The task force should report back to the JLCFC prior to the start of the 2009 Regular Session. The establishment of this task force will allow grandparents raising grandchildren and other interested parties to have their own forum to address these important issues.

Finding F: The family caregiver needs assessment demonstrated that there are emotional, physical, and financial costs of being a family caregiver. The younger caregivers are often in critical need of finding ways to reduce the stress caused by caregiving.

The LRB respite report indicates that respite has been shown to be beneficial in lowering stress and other negative consequences of caregiving and the family caregiver needs assessment shows that respite is something family caregivers need.

Besides the everyday stress that respite can relieve, there are times when a family caregiver may unexpectedly become unable to provide the needed caregiving services due to illness, an accident, or other reasons. At these times, emergency respite care becomes critical.

More work is needed to determine a full inventory of respite care providers and to determine the specific types of respite care provided; for example, whether the services provided are planned respite care, short term respite, or emergency respite care. In addition, while there may be respite services available, caregivers who need respite services must be able to have access to this information.

Recommendation F: The JLCFC recommends that:

- (F1) Emergency respite, overnight respite, and weekend respite be added as covered services under the Kupuna Care program administered by EOA; and
- (F2) Funding be provided to EOA to continue its respite inventory project in collaboration with the UH School of Social Work. Specifically, a definition of "respite" and a more detailed description of each of the respite services available in the State are needed.

Finding G: The JLCFC finds that in a natural disaster, caregivers may not be able to get to a care recipient who is "aging in place" and elderly "shut-ins" who live alone may be cut off from assistance needed during such times. Informal and community caregivers such as a neighbor or friend may be needed to step in to provide emergency replacement care. Elderly shut-ins may need assistance to avoid harm and an increase in IADLs as a result of the emergency. This is especially critical as many elders are "aging in place" in condominiums and multi-unit buildings. The safety of residents with special needs must be taken into consideration in case of emergencies or natural disasters.

UH has been included in recent congressional legislation to conduct national disaster planning, as a part of a national emergency preparedness program. UH's funding authorization is for \$200 million over ten years, with the first appropriations planned for October 2008.

Recommendation G: The JLCFC recommends adoption of a bill and a concurrent resolution to request UH to include in its natural disaster planning program provisions to address the needs of Hawaii's elderly, particularly caregivers, care recipients, and elderly shut-ins. The JLCFC also recommends that condominium associations and managers of other multi-unit buildings create voluntary lists of residents that have special needs in case of an emergency. The associations and manager should keep this list on file and have a procedure for updating the list every six months.

PART V. CONCLUSION

The JLCFC recommends that legislation be introduced in the 2008 Regular Session to implement the recommendations outlined in this report. Co-chairs Senator Les Ihara, Jr. and Representative Marilyn B. Lee will draft legislation pursuant to these recommendations and offer co-sponsorship of the legislation to members of the JLCFC and any other legislators.

Signed by Senator Les Ihara, Jr. and Representative Marilyn Lee, Co-Chairs, on behalf of the Committee.

Spec. Com. Rep. No. 2

Your Senate Committee on Human Services and Public Housing to which was referred S.R. No. 10, S.D. 1, entitled:

“SENATE RESOLUTION REQUESTING THE SENATE COMMITTEE ON HUMAN SERVICES AND PUBLIC HOUSING TO CONVENE A WORKING GROUP TO FURTHER STUDY RECOMMENDATIONS MADE BY THE SCR 52 TASK FORCE COMMITTEES,”

begs leave to report as follows:

PART I. BACKGROUND

During the Regular Session of 2006 of the Twenty-Third State Legislature, the Legislature adopted S.C.R. No. 52, S.D. 1, which requested the Senate and House of Representatives Committees on Human Services to continue addressing issues relating to the Hawaii Family Court, including the legal interventions available to the Family Court and to establish one or more task forces to facilitate its work, as recommended by an earlier task force established during the previous session. See S.R. No. 40 (2004).

Pursuant to S.C.R. No. 52, S.D. 1 (2006), a task force was established (“SCR 52 Task Force”), which developed and submitted its findings and recommendations to the Legislature prior to the convening of the Regular Session of 2007 of the Twenty-Fourth State Legislature. The Senate determined that unresolved issues and proposals required additional work and continuing attention.

Accordingly, the Senate adopted S.R. No. 10, S.D. 1, during the Regular Session of 2007 of the Twenty-Fourth State Legislature, requesting the Senate Committee on Human Services and Public Housing to convene a working group, to be known as the Family Court Legal Interventions Working Group, to further study the recommendations of the four committees convened pursuant to S.C.R. No. 52, S.D. 1, during the Regular Session of 2006 of the Twenty-Third State Legislature. The four committees were: (1) Best Interest of the Child Committee; (2) Family Court Models Committee; (3) Family Court Sunshine and Accountability Committee; and (4) Temporary Restraining Orders Committee. S.R. No. 10, S.D. 1 (2007), also requested the Family Court Legal Interventions Working Group to submit a report to the Legislature of its findings and recommendations during its two-year term, including any proposed legislation, with an interim report prior to the convening of the Regular Session of 2008.

The Chair of the Senate Committee on Human Services and Public Housing, Senator Suzanne Chun Oakland, convened the Family Court Legal Interventions Working Group, comprised of representatives of the organizations recommended in S.R. No. 10, S.D. 1 (2007).

The Family Court Legal Interventions Working Group held public meetings on July 18, 2007; August 30, 2007; September 20, 2007; November 16, 2007; and December 14, 2007. The Working Group established committees to continue to address the four subject areas under S.C.R. 52, S.D. 1 (2006), namely: (1) Best Interest of the Child; (2) Family Court Models; (3) Family Court Sunshine and Accountability; and (4) Temporary Restraining Orders.

Presentations were made to the Working Group by Judge Frances Q.F. Wong on the Hawaii Family Court and Moya Gray, Volunteer Legal Services of Hawaii, on the Hawaii Parenting Plan pilot project.

PART II. WORKING GROUP FINDINGS

The Working Group received a presentation made by Judge Frances Q.F. Wong wherein she provided information on the Hawaii Family Court’s efforts to improve standards and services to parties. One issue that was raised during this presentation was the need for building community capacity to assist individuals participating in family court proceedings and throughout the community. Judge Wong also responded to a request for further clarification of her statement on the need for building community capacity to assist the court. She provided twelve recommendations for services in the community to improve the family court process, and also assist individuals in the community prior and subsequent to involvement in family court proceedings, which include the following services:

- (1) Communications for before-married/just-married couples;
- (2) Parenting programs for various age/developmental groups;
- (3) Services for domestic violence victims and their children;
- (4) Awareness and assistance of executive agencies regarding harm to children exposed to domestic violence;
- (5) Supervised visitation centers;
- (6) Legal services to the poor and the gap group;
- (7) Expanding resources to advocate groups;
- (8) Primary prevention services;
- (9) Evidence-based training on domestic violence for faith-based institutions;
- (10) Improving access to mental health services for adults and children;
- (11) Attention and involvement of schools of medicine, psychology, and social work with the court systems as adequately trained custody investigators/evaluators; and
- (12) Growing the court’s own custody unit to include social workers, mediators, and mental health professionals.

The Working Group will continue to explore these issues and work toward incorporating methods for building community capacity to support the Hawaii Family Court, as appropriate.

The following reflects the work and findings of each committee of the Working Group.

A. Best Interest of the Child Committee

The Best Interest of the Child Committee held meetings on September 11, 2007; October 10, 2007; and November 14, 2007.

The Best Interest of the Child Committee continued to examine the need for and proposed criteria necessary in establishing a “best interest of the child” standard for the courts to consider in making custody determinations. The Committee considered the criteria included in H.B. No. 690 and S.B. No. 1160, introduced in 2007, the different statutes enacted in other jurisdictions throughout the country, including Alabama, Indiana, Maine, and Nevada, and a list of proposed standards prepared by the national organization of the Hawaii State Coalition Against Domestic Violence. The Committee determined that the applicable statutes in other jurisdictions, such as Georgia, may warrant further consideration in establishing the most appropriate and effective standard for Hawaii. However, it agreed to proceed with proposed legislation to establish a standard that includes sixteen different factors for the courts to consider. The proposed legislation to be submitted to the 2008 Legislature is attached as Exhibit A.

Finally, the Committee determined that further discussion and refinement of the best interest of the child standard and criteria may be necessary, and, therefore, the Committee will continue its efforts in the coming year.

B. Family Court Models Committee

The Family Court Models Committee held meetings on August 21, 2007; September 11, 2007; October 9, 2007; November 6, 2007; November 16, 2007; and December 3, 2007.

The Family Court Models Committee examined the memorandum prepared by Judge Frances Q.F. Wong regarding standards, certification, and training requirements for custody evaluators. It adopted Judge Wong’s recommendations regarding the minimum professional requirements for custody evaluators and agreed that these requirements should be applicable in all circuits.

The Committee also agreed that certification and training should be required of all custody evaluators, including those who are court employees, as well as those appointed by the court. Discussion was entertained regarding the necessity of administrative support for certification requirements to ensure appropriate oversight of curricula and training programs, consistency in the application of standards, record keeping accuracy, and ongoing assessment of curricula and training and certification requirements. The Committee also developed an approach for ensuring consistency of standards, certification, and training for custody evaluators by identifying custody evaluators as those who investigate and report on the care, welfare, and custody of any minor child of the parties; defining the term “custody evaluator”; providing minimum professional standards; requiring certification; and requiring training, including a grace period of two years for current custody evaluators who do not meet the minimum professional standards. Proposed legislation to reflect the Committee’s recommendation to address the need for statewide standards for custody evaluator training and certification is attached as Exhibit B.

The Committee determined that it will continue to explore the issues of the location for a certification or training program for custody evaluators, whether training and certification programs can be conducted by the same organization or separate entities, and the need to examine various models, the establishment of an Association of Family and Conciliation Courts chapter, existing programs, and the utilization of citizen advisory committees.

C. Family Court Sunshine and Accountability Committee

The Family Court, Sunshine and Accountability Committee held meetings on August 6, 2007 and October 30, 2007.

This Committee examined the issues of confidentiality of records and the provision of equal access to justice in the family courts. Such discussion encompassed the issue of the balance between the need for confidentiality, the security of personal information, and completely sealed records versus the need for access to information, including financial information, with regard to divorce and paternity cases, as well as the potential for establishing a family advisory committee or ombudsman as a means for addressing concerns.

No proposed legislation is being offered at this time; however, the Committee will continue to address these issues throughout the next year.

D. Temporary Restraining Order Committee

The Temporary Restraining Order Committee held meetings on August 16, 2007; October 1, 2007; and November 14, 2007.

The Temporary Restraining Order Committee examined issues related to the temporary restraining order process. It reviewed the First Circuit Court’s new temporary restraining order forms and its success in addressing many formerly discussed issues. The Committee established a list of issues to continue to discuss and address.

Information was a key issue, including necessary information to be provided to the courts; information necessary for petitioners and respondents concerning their rights, procedures, and the implications of temporary restraining orders; who will disseminate such information; and the best methods for providing access to such information. The Committee did not have any recommendations for proposed legislation at this time. However, it will continue to work toward addressing remaining issues, including but not limited to the following, which will likely result in future legislation:

- (1) Ensuring parties involved in the temporary restraining order cases receive necessary information regarding the process, which will include working in conjunction with the Honolulu Police Department and the Judiciary in formulating a brochure, website, or other means for ensuring access to such information;
- (2) Exploring the need for additional funding for the collection or dissemination of data available; and
- (3) Examining the Hawaii’s Opportunity for Probation with Enforcement (HOPE) project and its possible expansion to encompass extreme temporary restraining order violators.

PART III. WORKING GROUP RECOMMENDATIONS

The Working Group considered the work of each its four committees and prepared proposed legislation, attached, for introduction during the Regular Session of 2008. Accordingly, the Working Group recommends the following:

- (1) Legislative support for the adoption of a “best interest of the child” standard for the courts to observe in making custody determinations as attached in Exhibit A; and
- (2) Legislative support for the adoption of a measure to establish statewide custody evaluator certification and training standards as attached in Exhibit B.

The Working Group, and committees, will continue to explore the aforementioned issues throughout the duration of their term. Final findings and recommendations of the committees and the Working Group will be submitted to the Twenty-Fifth State Legislature prior to the Regular Session of 2009.

PART IV. CONCLUSION

After a majority vote of the members, the Working Group recommends that legislation as outlined and attached be introduced during the Regular Session of 2008 to implement the findings and recommendations of the Working Group contained herein. The convener of the Working Group, Senator Suzanne Chun Oakland, will sponsor introduction of the necessary legislation.

Signed by Senator Chun Oakland, Chair, on behalf of the Committee.

Spec. Com. Rep. No. 3

Your Special Joint Senate and House of Representatives Task Force to Conduct a Review of the Financial Requirements of the State Highway Fund”, to which was referred S.B. No. 1133, S.D. 3, H.D. 1, C.D. 1, entitled:

“A BILL FOR AN ACT RELATING TO TAXATION,”

beg leave to report as follows:

Legislative Mandate

Act 258, Session Laws of Hawaii 2007 (Act 258), enacting Senate Bill No. 1133, S.D. 3, H.D. 1, C.D. 1, created a Joint Senate and House of Representatives Task Force to Conduct a Review of the Financial Requirements of the State Highway Fund (Task Force) “with an emphasis on the adequacy and equity of revenues generated by one or more revenues sources pursuant to section 251-2, Hawaii Revised Statutes (HRS), relating to the rental motor vehicle and tour vehicle surcharge tax, compared with other revenue sources contributing to or that could be contributing to the state highway fund.”

Act 258 further specified the review may include:

- (1) Past, present, and projected revenues of the state highway fund;
- (2) The ability of the Department of Transportation (DOT) to plan, implement, and expend funds on a timely basis;
- (3) An analysis of the actual revenue needs of the DOT;
- (4) Other revenue sources of the state highway fund and their nexus to the fund; and
- (5) Other governmental matching funds.

Members of the Task Force are Senator J. Kalani English (Co-Chair); Representative Joseph M. Souki (Co-Chair); Senator Rosalyn H. Baker; Senator Carol Fukunaga; Senator Will Espero; Senator Gary L. Hooser; Senator Mike Gabbard; Representative Marcus R. Oshiro; Representative Angus L.K. McKelvey; Representative Scott Y. Nishimoto; Representative James Kunane Tokioka; and Representative Gene Ward.

Legislative Briefing

The Task Force held an informational briefing on November 20, 2007. The DOT and interested stakeholders from the private sector were in attendance.

Context of Situation

The Legislature is concerned that the future projections of the available moneys in the state highway fund, established under section 248-9(b), HRS, are insufficient. The state highway fund is the sole source of state revenue for expenditure on the state highway system and highway projects. Under estimates provided by the DOT on September 21, 2007, the revenues, expenditures, and balance in the state highway fund for fiscal years (FY) 2006 to 2013 are as follows:

<u>Revenues</u>	<u>Expenditures</u> <u>(less fed \$)</u>	<u>Balance*</u>
\$204,287,000 FY 2006	\$258,589,000	\$149,694,000 (audited)
210,989,000 FY 2007	270,634,000	90,319,000 (unaudited)
215,135,000 FY 2008	210,579,000	94,876,000 (estimated)
206,875,000 FY 2009	210,579,000	95,343,000 (estimated)
207,062,000 FY 2010	228,983,000	73,423,000 (estimated)
209,816,000 FY 2011	234,467,000	48,771,000 (estimated)
212,610,000 FY 2012	236,173,000	25,208,000 (estimated)
215,135,000 FY 2013	235,673,000	4,670,000 (estimated)

* Includes carryover fund balances, adjustments, and fund transfers from prior years.

The steep decline of the balance from \$149,964,000 in FY 2006 to \$4,670,000 FY 2013 (projected) is of concern. The Task Force finds that the projected balance in the state highway fund on FY 2013 may jeopardize the State's ability to build and maintain highways and roads. The Task Force notes that if the moneys in the state highway fund are insufficient to support highway projects, including new highways, maintenance and repairs of existing roads, and beautification, appropriations from the State's general fund would have to be made.

Other sources of revenue for the state highway fund are the vehicle weight tax under section 249-2, HRS; fuel taxes under section chapter 243, HRS; and motor vehicle registration fees under section 249-31, HRS. Based on revenue figures of the DOT, the respective percentage of revenue sources since FY 2001 and projected into FY 2013 in the state highway fund are as follows:

FY 2001

Total Revenues	\$202,142,959
Federal grants-in-aid	14.3%
Fuel taxes	35.6
Vehicle weight taxes	12.1
Vehicle registration fees	8.7
Interest income	7.4
Other revenues	21.9
(presumably includes rental/tour vehicle surcharge tax which is not listed separately)	

FY 2002

Total Revenues	\$216,344,434
Federal grants-in-aid	12.5%
Fuel taxes	33.8
Vehicle weight taxes	11.3
Vehicle registration fees	8.1
Interest income	5.3
Other revenues	29.0
(presumably includes rental/tour vehicle surcharge tax which is not listed separately)	

FY 2003

Total Revenues	\$201,806,726
Federal grants-in-aid	12.3%
Fuel taxes	37.4
Vehicle weight taxes	13.6
Vehicle registration fees	9.4
Interest income	5.9
Other revenues	21.4
(presumably includes rental/tour vehicle surcharge tax which is not listed separately)	

FY 2004

Total Revenues	\$204,817,227
Federal grants-in-aid	10.8%
Fuel taxes	38.9
Vehicle weight taxes	13.4
Vehicle registration fees	9.4
Interest income	4.2
Other revenues	23.3
(presumably includes rental/tour vehicle surcharge tax which is not listed separately)	

FY 2005

Total Revenues	\$231,518,146
Federal grants-in-aid	15.2%
Fuel taxes	35.0
Vehicle weight taxes	13.3
Vehicle registration fees	8.7
Rental car/tour vehicle surcharge	19.0
Interest income	3.8
Other revenues	5.0

FY 2006

Total Revenues	\$204,287,000
Fuel taxes	40.5%
Vehicle weight taxes	15.6
Vehicle registration fees	10.2
Temporary certificates of deposit	6.9
Rental car/tour vehicle surcharge	24.8

Miscellaneous revenues	2.0
FY 2007	
Total Revenues	\$210,989,000
Fuel taxes	40.6%
Vehicle weight taxes	15.8
Vehicle registration fees	9.8
Temporary certificates of deposit	7.8
Rental car/tour vehicle surcharge	22.2
Miscellaneous revenues	3.8
FY 2008	
Total Revenues	\$215,135,000
Fuel taxes	43.5%
Vehicle weight taxes	15.7
Vehicle registration fees	9.8
Temporary certificates of deposit	4.6
Rental car/tour vehicle surcharge	24.5
Miscellaneous revenues	1.9
FY 2009	
Total Revenues	\$206,875,000
Fuel taxes	45.9%
Vehicle weight taxes	16.5
Vehicle registration fees	10.3
Temporary certificates of deposit	4.8
Rental car/tour vehicle surcharge	20.5
Miscellaneous revenues	2.0
FY 2010	
Total Revenues	\$207,062,000
Fuel taxes	46.4%
Vehicle weight taxes	16.7
Vehicle registration fees	10.4
Temporary certificates of deposit	4.8
Rental car/tour vehicle surcharge	19.7
Miscellaneous revenues	2.0
FY 2011	
Total Revenues	\$209,816,000
Fuel taxes	46.3%
Vehicle weight taxes	16.7
Vehicle registration fees	10.4
Temporary certificates of deposit	4.8
Rental car/tour vehicle surcharge	19.8
Miscellaneous revenues	2.0
FY 2012	
Total Revenues	\$212,610,000
Fuel taxes	46.3%
Vehicle weight taxes	16.7
Vehicle registration fees	10.4
Temporary certificates of deposit	4.7
Rental car/tour vehicle surcharge	19.9
Miscellaneous revenues	2.0
FY 2013	
Total Revenues	\$215,135,000
Fuel taxes	46.3%
Vehicle weight taxes	16.7
Vehicle registration fees	10.4
Temporary certificates of deposit	4.6
Rental car/tour vehicle surcharge	20.0
Miscellaneous revenues	2.0

Beginning with FY 2006, the DOT accounted for federal grants-in-aid as a reduction of expenditures rather than as revenue.

Revenue Transfers

Moneys were appropriated out of the state highway fund and into the general fund most recently by Act 52, Session Laws of Hawaii 2004, section 17, in the amount of \$11,000,000, which was line item vetoed and overridden by the Legislature. The appropriation was based upon a determination by the legislature that there existed at least \$11,000,000 in excess of the requirements of the fund. According to the DOT, state highway fund revenue transfers to the general fund totaled \$143,000,000 from 1996 to 2003, which when added to the \$11,000,000 in 2004 comes to \$154,000,000.

Categorical Project Expenditures

According to the DOT, the project type breakdown from FY 2000 to FY 2006 is as follows:

Project Type	Total Cost	# of Projects	Cost %
System Preservation	\$562,200,000	192	49%
Safety	80,100,000	57	7
Congestion Mitigation	27,700,000	27	3
Modernization	365,400,000	38	34
Enhancement	65,100,000	35	6
Others	16,100,000	23	1
Total	1,116,600,000	372	

Federal Moneys

According to the DOT, state highway fund moneys comprise thirty-six per cent and federal funds comprise sixty-four per cent of expenditures. However, the Congressional Budget Office projects the Federal Highway Trust Fund balance to plummet in 2010.

The Federal Highway Trust Fund is set to experience an estimated shortfall of \$4 billion in 2009. The projected shortfall is expected to increase to \$16 billion by 2010. The Federal Highway Trust Fund's projected shortfalls would make it extremely difficult for the State to effectively address traffic congestion, maintenance, and safety issues that result from an inadequate highway infrastructure system.

The federal highway aid program to the states is projected to be cut drastically from a projected \$43.4 billion in 2009 to \$25.2 billion in 2010, a reduction of forty-three per cent which places an even greater burden on the state highway fund.

Consequences of Not Investing

According to the DOT, the consequences of not investing in highways and roads are reduced level of service; deteriorating infrastructure; reduced road space; increased user costs; increased accidents and third party claims; limitations on accessibility and integration; poverty and social exclusion; and hindrance to policy objectives.

Maintenance Program Goals

According to the DOT, maintenance projects have the goals of rehabilitation of highway infrastructure; consistent bridge maintenance, rehabilitation, replacement, and retrofit; routine and cyclic highway maintenance; maintenance of coastal protection; landscape management; and environmental programs.

One of the DOT's major concerns is the dramatic drawdown of the state highway fund balance. The main reason for this is that the DOT is spending more than it is generating in revenue due to the amount of accumulated backlog of deferred maintenance. According to the DOT's six year financial plan, the DOT will spend on average \$20,000,000 more per year than what is taken in by revenue. The DOT projects that by 2013, the state highway fund balance will be down to about \$4 to \$5 million compared to the \$95,000,000 current balance.

To put maintenance spending levels in perspective, the DOT believes that, ideally, \$86,000,000 should be spent annually on special maintenance projects. In order to achieve the ideal level of funding, the DOT would need to receive an additional \$46,000,000 in revenues annually. According to the DOT, the cost of construction and maintenance has increased threefold from ten years ago and twofold from five years ago.

2030 Highway Needs Outlook

According to the DOT, in 2030, the capital improvement project (CIP) funding statewide total is projected to be \$15,940,000 and the operation and maintenance funding cost is projected to be \$3,010,000, totaling \$18,950,000. Total revenues, including federal highway funds, state funds, and county funds, are projected to be \$6,240,000.

Cost of Current Projects

According to the DOT, there are \$450,000,000 in CIP and maintenance projects currently in progress, the highest levels ever. Of that sum, those projects "on the shelf" or awaiting commencement of construction when federal moneys are received total \$95,000,000 to \$100,000,000.

Transportation Investment Forum

The DOT held a "Transportation Investment Forum" (Forum) in August 2007, to brainstorm with interested parties the various alternatives to generate increased revenue for the state highway fund. It appears that the DOT took the initiative ahead of the Task Force to ferret out and winnow salient proposals. The Forum included the same stakeholders that would qualify under Act 258 as "different interest groups and present contributors of revenues to the highway fund." The Task Force has received and reviewed the documents and proceeding summaries as provided by the DOT to the Senate Committee on Ways and Means.

In its general summary of the Forum proceedings, the DOT stated in pertinent part, "The intent of the Forum was to bring together various stakeholders in the community, including highway users, the business sector, consultants and contractors, economists and

investment strategists, the trucking and automobile industries, and the various county agencies involved with transportation infrastructure ... Two options are available to the DOT and to every resident in the State of Hawaii in terms of our highway infrastructure and how we provide for it. We can do nothing and accept the financial realities as they are and watch our roadways deteriorate; or figure out new strategies for delivering services to the public in the form of consistent and reliable maintenance strategies and by providing increased capacity in the highway network. The DOT believes the choice must be the latter and that is we need to do something.” (Emphasis omitted.)

Participants at the Forum discussed prioritization between modernization (new construction) and system preservation. Many attendees believed more focus should be placed on system preservation and maintenance of existing facilities and less emphasis on a modernization program. The objective of system preservation would primarily be to ensure a clean and safe transportation network.

Findings of Alternative Solutions

The Task Force finds that alternative solutions, excluding new taxes or raising taxes, to ensure the sufficiency of revenues in the state highway fund are necessary as follows:

- (1) To more accurately forecast revenues and to take a conservative approach to expected income;
- (2) To control or reduce expenditures by improved prioritization of projects in terms of giving preference to maintenance over new construction;
- (3) To better control the costs of construction to the extent possible, given the rising costs of oil and other inflationary factors; and
- (4) To plan for unexpected contingencies for highway repair and maintenance projects that may arise due to natural disasters or other unforeseen circumstances.

Better planning for expenditures would certainly result in reduced expenditures. However, planning is entirely the responsibility of the DOT. The Legislature relies upon the annual or biannual representations of the DOT to approve of its budget in the general and supplemental appropriations acts. It is incumbent upon the DOT to ensure that the state highway fund is adequately funded from year to year, based upon its planned expenditures balanced with projected revenues.

Affording expenditures on unexpected contingencies necessitates that the DOT make a conservative budget forecast of revenues. If the balance in the state highway fund is insufficient to cover unexpected contingencies, then expenditures must be made from the state general fund, which would compromise the State’s ability to fund other state programs such as health and human services.

Good planning translates into sound policy decisions. Is it better to make new highways to expand the reach of the population in a limited land mass, or is it preferable to maintain existing roads, streets, and highways to ensure that reasonable traffic loads can be sustained over the long run? More highways and roads may not be fiscally justifiable. In contrast, maintaining existing highways and roads may be preferable in view of projected budgetary confines. In this regard, the DOT should provide the Legislature with transportation, infrastructure proposals that are based on good planning so that the Legislature may then make sound policy decisions on how best to utilize state highway fund moneys.

With regard to ensuring revenue increases in the state highway fund, the Task Force believes it is incumbent upon the DOT and the Administration to formulate a financial plan to raise revenue for the state highway fund. In this regard, the Task Force exercises legislative restraint by deferring to the administration. The DOT stated in testimony that the Forum will continue to meet with interested parties to ultimately recommend alternatives to generating increased revenues for the state highway fund.

The Task Force defers to the Forum and the DOT for now and requests that the DOT report to the Legislature when the Forum finalizes its recommendations, with the expectation that the matter will result in proposed legislation for consideration for the 2009 Regular Session.

Signed by Senator J. Kalani English and Representative Joseph M. Souki, Co-Chairs, on behalf of the Committee.

Spec. Com. Rep. No. 4

Your Committee on Tourism and Government Operations, which held an informational hearing to review procurement procedures of the Department of Business, Economic Development, and Tourism concerning the request for proposals for the administration contract of the hydrogen investment capital special fund,

begs leave to report as follows:

Background

Your Committee held an informational briefing on September 4, 2007, to review the procurement procedures of the request for proposals for the awarding of the contract that was ultimately awarded to H2Energy LLC. The purpose of the informational hearing was to hear testimony from witnesses concerning the awarding of a contract by the Department of Business, Economic Development, and Tourism (DBEDT) (Solicitation No. RFP-07-11-SID) for management services for the hydrogen investment capital special fund and the Hawaii renewable hydrogen program.

The hydrogen investment capital special fund, section 211F-5.7, Hawaii Revised Statutes, was created by Act 240, Session Laws of Hawaii 2006, to provide seed capital for venture capital investments in private sector and federal projects for research, development, testing, and implementation of the Hawaii renewable hydrogen program. The hydrogen investment capital special fund was provided with an appropriation of \$8.7 million and was placed under the jurisdiction of the Hawaii Strategic Development Corporation, chapter 211F, Hawaii Revised Statutes, which is administratively attached to DBEDT. Act 240, Session Laws of Hawaii 2006, also established the Hawaii renewable hydrogen program, codified as section 196-10, Hawaii Revised Statutes, which relates to the hydrogen investment capital special fund.

DBEDT issued a request for proposals for potential managers of the hydrogen investment capital special fund and established an evaluation committee in accordance with procurement procedures required under chapter 103D, Hawaii Revised Statutes, to review bids submitted and to make a recommendation on which bidder should be awarded the contract. The evaluation committee reviewed submitted bids and ranked three bidders, based on criteria established in the request for proposals, from highest to lowest as follows: (1) Kolohala Holdings LLP; (2) Enterprise Honolulu; and (3) H2Energy LLC.

In August 2007, in spite of the evaluation committee's recommendation, the Director of Business, Economic Development, and Tourism selected an entity known as H2Energy LLC to manage the hydrogen investment capital special fund. H2Energy LLC was the lowest ranking bidder for the contract.

The State Procurement Office ordered the selection of H2Energy LLC to be rescinded on or about September 25, 2007, based on its review of the procurement process, which concluded that the contract should have been awarded to the highest-ranking bidder based on the internal evaluation committee's evaluation.

Findings

Based upon the informational briefing and the analysis of documents obtained from DBEDT, your Committee makes the following findings:

- (1) DBEDT contends that it has been their practice to have their procurement officer, the Director of DBEDT, select the final proposal after the evaluation committee submits its findings and rankings;
- (2) The evaluation committee ranked the proposals as described above. The evaluators' written comments were consistent with the numerical scores listed in paragraph (5). Kolohala Holdings LLP scored the highest in almost every category by all three evaluators. Despite this fact, the DBEDT Director selected H2Energy LLC. His justification for selecting the third ranked proposal was based on a "3-point must" system. Your Committee found that, not only was this criteria previously unheard of by the DBEDT Director's staff, but it is also inconsistent with the criteria established in the request for proposals as required by law;
- (3) The Administrator of the State Procurement Office testified that DBEDT's practice was not in compliance with state procurement laws and rules. When the evaluation committee process is utilized, the final selection should be based upon findings and numerical rankings by the evaluation committee and not by DBEDT's procurement officer, the DBEDT Director, whose only involvement is for the purpose of ensuring the process is fair and that the evaluation committee followed all procurement procedures;
- (4) Despite the contention by DBEDT that the procedure utilized by the DBEDT Director was the usual practice, the DBEDT Director and his staff could not cite to any prior instance when the procedure was utilized for other purchases;
- (5) Internal documentation of DBEDT (letter dated July 31, 2007, to Mr. Ted Liu from Mr. Maurice Kaya) indicates that there were in fact numerical values assigned by the evaluation committee to the three bidders as follows:

(A) Kolohala Holdings LLP	255
(B) Enterprise Honolulu	243
(C) H2Energy LLC	234.5;
- (6) Subsequent to July 31, 2007, the DBEDT Director, at some point expressed his dissatisfaction with the evaluation committee's ranking of the proposals;
- (7) By memorandum dated September 25, 2007, attached hereto, the Administrator of the State Procurement Office rejected the DBEDT Director's selection, ordered the original selection to be rescinded, and ordered a new award based upon the evaluation committee's ranking of the proposals;
- (8) In a letter dated December 28, 2007, from the DBEDT Director to the Chair of your Committee, three months after the Administrator of the State Procurement Office's September 25, 2007, memorandum, the DEBBDT Director reports that he had complied with all of the Administrator of the State Procurement Office's corrective actions with one exception. The DBEDT Director stated that he conducted a review of his evaluation committee's evaluation and at the informational hearing, he raised concerns over the members of the evaluation committee having conflicts of interest. As a result, the DBEDT Director is considering cancelling the Request for Proposal, after the fact; and
- (9) There appears to be a procurement process manipulation by the DBEDT Director to award a lucrative \$8.7 million contract to H2Energy LLC. The DBEDT Director has admitted (memorandum of November 13, 2007, to the Administrator of the State Procurement Office) to be engaging in discussions anew to negotiate a new contract relating to hydrogen investment with an unnamed third-party, based upon changed circumstances, which is highly irregular.

Conclusion

Section 103D-303(g), Hawaii Revised Statutes, relating to competitive sealed proposals, provides:

“(g) Award shall be made to the responsible offeror whose proposal is determined in writing to be the most advantageous taking into consideration price and the evaluation factors set forth in the request for proposals. No other factors or criteria shall be used in the evaluation. The contract file shall contain the basis on which the award is made.”

The DBEDT Director testified that he utilized a "3-point must" system consisting of quality, anticipated benefits, and ability to deliver. However, the Administrator of the State Procurement Office testified that this procurement evaluation procedure is not standard and such a procurement evaluation system does not exist under the State's procurement law. The Administrator of the State Procurement Office stated that, in order to be in compliance with the State's procurement law to award this contract, there needs to be a numerical

value to make the decision. Your Committee further concludes that the “3-point must” system evaluation criteria used by the DBEDT Director did not conform to the criteria set out in the request for proposals, which deserves further investigation.

It was clear to your Committee, based upon the statements of DBEDT’s staff and all documentation, that the DBEDT Director may have manipulated the process to select H2Energy LLC. Your Committee could not decipher any rationality or reasonableness, whether in testimony or documentation, for the DBEDT Director’s justification to award the contract to the least qualified bidder.

Your Committee further concludes that there may exist procurement improprieties that warrant legislative investigation in order to determine whether administrative malfeasance or misfeasance occurred and whether proposed legislation is necessary therefor. What was to have been a normal Request For Proposal process has turned into a quagmire of irregularities, conflicts, and inconsistencies that undermine the integrity, fairness, and consistency of the procurement process, which strikes at the basis of the public procurement law.

Recommendation

In view of the findings and what appears to be an unwarranted violation of state procurement laws, your Committee recommends that a special senate investigative committee be convened in the Regular Session of 2008 to obtain further information to ascertain the nature and extent of any improprieties in procurement on this matter.

Signed by Senator Clarence Nishihara, Chair, on behalf of the Committee.

Spec. Com. Rep. No. 5

Your Joint Senate-House Investigative Committee on the Bureau of Conveyances, to which was referred S.C.R. No. 226 entitled:

ESTABLISHING A JOINT SENATE-HOUSE INVESTIGATIVE COMMITTEE TO INVESTIGATE THE SECURITY OF RECORDED DOCUMENTS, PRIVATE COMPUTER ACCESS AND TAMPERING OF SUCH DOCUMENTS, AND THE OPERATIONS AND MANAGEMENT OF THE BUREAU OF CONVEYANCES,

begs leave to report as follows:

The purpose of the Joint Senate House Investigative Committee was to address the concerns regarding the Bureau of Conveyances by investigating the management and operations of the Bureau of Conveyances and report the Committee’s findings and recommendations to the Legislature.

Your Committee notes that after six months of hearings and intense investigative work, your Committee uncovered several and sometimes troubling findings relating to the voluminous and escalating problems at the Bureau of Conveyances. In the course of its discussion and assessment of the information and testimony it received, your Committee concluded that there existed three prevailing and interlocking conclusions amongst the Committee’s findings. These conclusions are:

- (1) Severe mismanagement of the employees and operations of the Bureau of Conveyances that hampers effective and efficient property recordings;
- (2) There is a lack of fiscal management and accountability at the Bureau of Conveyances that has led to a loss of \$226,000 in revenue for the State; and
- (3) The employee and operational mismanagement and the lack of fiscal accountability results in the operations of the Bureau of Conveyances to be vulnerable to abuse.

Your Committee notes that it faced a number of obstacles, including a number of unforeseeable delays, which prevented it from obtaining full access to records and documents and hampered its efforts in conducting an in-depth investigation on certain matters. Despite these obstacles, your Committee was able to review a number of matters relating to the Bureau of Conveyances in detail and took its task seriously by conducting a fair and balanced investigation with the materials and information received and submitted.

Your Committee recommends the following:

- (1) The Department of Land and Natural Resources assemble an Advisory Council to assist in developing and implementing a comprehensive plan to assist the Bureau in becoming a more efficient, effective, and accountable operation, and develop strategic initiatives for the Bureau; provided that:
 - (A) In preparing the plan and initiatives, the Advisory Council shall consult with appropriate entities, including Bureau stakeholders, to aid in developing and implementing the plan;
 - (B) The Advisory Council shall also accept the full participation and consultation from Bureau employees, management, and the Department; and
 - (C) The Department and the Advisory Council place primary emphasis on addressing the Bureau’s most pressing operational, managerial and functional needs, as identified by your Committee and those stakeholders and interested parties who participated in this process of review and investigation; and
- (2) In addition to and in conjunction with the efforts of the Department and the Advisory Council, the Legislature, through the Legislative Reference Bureau, shall investigate and develop feasibility and implementation models regarding:
 - (A) Combining the Land Court and Regular System functions of the Bureau of Conveyances into a single unified system of recordation;
 - (B) Analyzing the advisability of reassigning the Bureau of Conveyances from its current position in the Department of Land and Natural Resources to another department within the executive or judicial branches of the state government; and
 - (C) Determining the considerations attendant to privatizing the functions of the Bureau of Conveyances.

Your Committee presents its findings and recommendations in the attached report. (The report is available at the Hawai'i State Archives or online at the Capitol Website.)

Signed by Senators Jill N. Tokuda, Co-Chair; Carol Fukunaga, David Y. Ige, Russell S. Kokubun, Fred Hemmings, committee members. Senator Hemmings, did not concur.

Signed by Representatives Joseph M. Souki, Co-Chair; Sharon E. Har, Karl Rhoads, James Kunane Tokioka, Cynthia Thielen, committee members.

Ayes, 7. Ayes with Reservations, 2 (Rhoads, Thielen). Noes, none. Excused, 1 (Hemmings).

CONFERENCE COMMITTEE REPORTS

Conf. Com. Rep. No. 1-08 on S.B. No. 2400

The purpose of this measure is to make the resolution of minor criminal offenses, including traffic violations, as simple as possible for the average citizen and to ensure that police, prosecutorial, and judicial resources are focused on the most serious criminal offenses.

Specifically, this measure represents the effort of the Judiciary, various state departments, and the Legislative Reference Bureau to fulfill the mandate of Act 124, Session Laws of Hawaii 2005, to identify minor criminal offenses for which typically only a fine is imposed and which may be decriminalized without undermining the ability of government to enforce laws within its jurisdiction.

Your Committee on Conference has amended this measure by changing the effective date to upon approval. Your Committee has retained the effective date of July 1, 2009, for section 2 of the measure, relating to violations of the State's plant and non-domestic animal quarantine law.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2400, 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. 2400, S.D. 1, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Taniguchi, Hee and Slom, Managers on the part of the Senate. Ayes, 2. Noes, none. Excused, 1 (Hee). Representatives Waters, B. Oshiro and Pine, Managers on the part of the House. Ayes, 3. Noes, none. Excused, none.

Conf. Com. Rep. No. 2-08 on S.B. No. 2784

The purpose of this measure is to extend to United States marshals and deputies some of the powers to make arrests without warrants that are currently granted under state law to federal customs officers and federal immigration officers.

Additionally, this measure amends the law that grants customs and immigration officers the powers of arrest by updating the names of the federal agencies.

Your Committee on Conference has amended this measure by changing the effective date to upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2784, 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. 2784, S.D. 1, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Taniguchi, Gabbard and Slom, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, none. Representatives B. Oshiro, Luke and Thielen, Managers on the part of the House. Ayes, 2. Noes, none. Excused, 1 (Luke).

Conf. Com. Rep. No. 3-08 on S.B. No. 2454

The purpose of this measure is to streamline and ensure transparency in the non-judicial foreclosure process by requiring a foreclosure mortgagee to provide pertinent information regarding the property to interested parties.

Specifically, this measure:

- (1) Requires the mortgagee to provide the party in breach of the mortgage agreement with the contact information, including the electronic address, of the mortgagee's attorney who must be physically located and licensed in Hawaii; and
- (2) Makes other amendments to the Mortgage Foreclosures Law under Chapter 667, Hawaii Revised Statutes, to ensure that the different non-judicial foreclosure processes include provisions for interested parties to receive sufficient notice and obtain information about the intent to foreclose, amounts to cure the mortgage default, fees and costs, and public sales of the mortgaged property.

A large number of Hawaii foreclosures are handled by servicing corporations located on the mainland that provide little to no information relating to the foreclosure to parties that are entitled to information regarding the property to be foreclosed. It is common for a person to call the contact telephone number contained in a foreclosure notice, only to encounter automated recorded messages, being placed on hold, or being transferred to an individual who is not properly trained to provide the caller with the appropriate information. Your Committee on Conference finds that requiring foreclosing mortgagees to provide the contact information of a Hawaii-based attorney will ensure that interested parties have a means to obtain information from a person with a local presence and the ability to provide useful information.

Your Committee on Conference has amended this measure by:

- (1) Clarifying that the attorney authorized as the contact individual shall disclose to the requestor, upon request, the amount to cure the default, attorneys' fees and costs, and other fees and costs estimated to be incurred by the foreclosing mortgagee prior to the auction within five business days of the request, and the sale price of the mortgaged property once auctioned; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2454, 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. 2454, S.D. 1, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Kokubun, Taniguchi, Espero and Trimble, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Trimble). Representatives Herkes, Waters, McKelvey and Marumoto, Managers on the part of the House. Ayes, 4. Noes, none. Excused, none.

Conf. Com. Rep. No. 4-08 on S.B. No. 2464

The purpose of this measure is to recognize the importance and uniqueness of the Hawaiian monk seal to the Hawaiian Islands by establishing and designating the Hawaiian monk seal as the official state mammal.

Your Committee on Conference has amended this measure by changing the effective date from July 1, 2025, to July 1, 2008.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2464, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2464, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Fukunaga, Espero and Slom, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, none. Representatives Ito, Yamane and Thielen, Managers on the part of the House. Ayes, 3. Noes, none. Excused, none.

Conf. Com. Rep. No. 5-08 on S.B. No. 3030

The purpose of this measure is to properly and effectively implement the regulation, licensing, and oversight of mixed martial arts contests by amending the fee structure to fund the mixed martial arts licensing program.

Specifically, this measure:

- (1) Increases the license fee imposed on gate receipts of professional mixed martial arts contests beginning in fiscal year 2009-2010;
- (2) Clarifies that the two percent fee on gross receipts from telecasts of an event includes pay-per-view telecasts and is not restricted to telecasts in Hawaii; and
- (3) Requires each mixed martial arts promoter to pay an additional surcharge fee for fiscal years 2007-2008 and 2008-2009 to cover the cost of implementing the mixed martial arts contests licensing program under chapter 440E, Hawaii Revised Statutes.

Your Committee on Conference finds that chapter 440E, Hawaii Revised Statutes, outlines the licensing regulatory scheme for mixed martial arts contests, promoters, and contest participants, and sets forth numerous other provisions relating to regulating mixed martial arts, but fails to provide the Department of Commerce and Consumer Affairs with adequate funds to support effective start-up and implementation of this complex licensing program. Amending the current fee structure to fund mixed martial arts regulation will enable the Department to support and implement the mixed martial arts licensing program.

Your Committee on Conference has amended this measure by inserting an effective date of July 1, 2009, to coincide with the date that chapter 440E, Hawaii Revised Statutes, will become effective pursuant to Act 279, section 5, Session Laws of Hawaii 2007.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3030, 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. 3030, S.D. 2, H.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Kokubun, Baker, Espero and Whalen, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Whalen). Representatives Yamane, Herkes, Tokioka and Ching, Managers on the part of the House. Ayes, 3. Noes, none. Excused, 1 (Ching).

Conf. Com. Rep. No. 6-08 on S.B. No. 2245

The purpose of this measure is to make it a traffic code violation for an operator or adult passenger of a motor vehicle to leave the vehicle with an unattended child inside for five minutes or more. This provision is effective upon approval.

This measure also:

- (1) Requires that, effective October 1, 2008:
 - (A) Knowledge of the above violation be tested on the State drivers license examination; and
 - (B) Rental car companies provide notice of the prohibition to all renters; and
- (2) Authorizes law enforcement officers, fire fighters, and rescue team personnel to use reasonably necessary means to protect and remove an unattended child from a motor vehicle upon determining that the child is in physical danger or poses a danger to others.

Your Committee has amended this measure by adopting the language of S.B. No. 2245, Senate Draft 1, which makes the measure effective upon approval, staggers implementation of the examination and signage requirements to October 1, 2008, and contains nonsubstantive changes in the use of terms.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2245, 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. 2245, S.D. 1, H.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Chun Oakland, Taniguchi and Hemmings, Managers on the part of the Senate. Ayes, 2. Noes, none. Excused, 1 (Hemmings). Representatives Souki, Shimabukuro, Waters, Lee and Ward, Managers on the part of the House. Ayes, 4. Noes, none. Excused, 1 (Ward).

Conf. Com. Rep. No. 7-08 on S.B. No. 2146

The purpose of this measure is to support the activities of the Hawaii State Center for Nursing (Center) in conducting research and implementing strategies to recruit and retain nurses. This measure:

- (1) Allows the Center to continue receiving funds by extending, from July 1, 2009, to July 1, 2014, the sunset date for the deposit of certain nursing fees into the Center for Nursing Special Fund;
- (2) Requires two of the three representatives of the Hawaii Nurses' Association who sit on the advisory board of the Center to represent the professional component, and one representative to be a non-managerial staff nurse; and
- (3) Requires the Center's advisory board to submit the following reports to the Legislature prior to the 2009 Regular Session:
 - (A) An interim report on the progress and findings of the five-year longitudinal study being conducted by the Center regarding the turnover of new graduate registered nurses and best practices in nurse retention; and
 - (B) A report on funding alternatives that will enable the Center to continue its operations and services.

Your Committee upon further consideration has amended S.B. No. 2146, S.D. 2, H.D. 1, by changing the effective date to July 1, 2008.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2146, 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. 2146, S.D. 2, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Ige, Kokubun, Baker, Fukunaga and Whalen, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 2 (Fukunaga, Whalen). Representatives Chang, Green, Herkes, Lee, Bertram and Ching, Managers on the part of the House. Ayes, 6. Ayes with Reservations, 1 (Green). Noes, none. Excused, none.

Conf. Com. Rep. No. 8-08 on S.B. No. 2170

The purpose of this measure is to remove the exclusion of public beach parks falling within Act 190, Session Laws of Hawaii 1996 ("Act 190"), from the definition of "improved public lands" in Act 82, Session Laws of Hawaii 2003 ("Act 82").

Act 82 recognizes that many public lands are inherently dangerous and contain potential risks, especially for those who are unprepared, participate in hazardous recreational activities, or choose to ignore warning signs. Striking an equitable balance between the personal responsibility of individuals engaged in recreational pursuits on public lands and the government's duty to protect its citizens from harm, Act 82 establishes a conclusive presumption that signage warning of dangerous natural conditions on improved public lands constitutes legally adequate warning of those conditions, provided that certain design, placement, and inspection requirements are met.

While Act 82 clearly applies to state and county park systems, it does not apply to public beach parks, since it excludes from the definition of "improved public lands", any public beach park falling within Act 190. Whether any public beach park falls under Act 190, however, is unclear, since that Act develops a legally adequate warning system for dangerous natural conditions in the ocean adjacent to a public beach park, but not necessarily for the public beach park itself.

Public beach parks are an important part of the public park system that should not be singled out from other types of parks within the State. Accordingly, this bill clarifies that Act 82 applies to public beach parks.

Your Committee has amended this measure by changing the effective date to be upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2170, 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. 2170, S.D. 1, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Inouye, Taniguchi, Kokubun and Hemmings, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Hemmings). Representatives Ito, Waters, Tokioka and Thielen, Managers on the part of the House. Ayes, 4. Noes, none. Excused, none.

Conf. Com. Rep. No. 9-08 on S.B. No. 3008

The purpose of this measure is to streamline and update the Code of Financial Institutions to improve the regulation of financial institutions in Hawaii by the Department of Commerce and Consumer Affairs.

Specifically, this measure:

- (1) Requires financial services loan companies to conspicuously display their licenses;
- (2) Addresses temporary closures of Hawaii financial institutions during emergencies;
- (3) Clarifies the authority of a person to serve as a trustee or trust company;
- (4) Clarifies how prepayment penalties are calculated;
- (5) Clarifies when the Commissioner of Financial Institutions may examine a financial institution holding company; and

- (6) Places a Hawaii-licensed foreign bank on equal footing with a Hawaii state-chartered financial institution when relocating its place of business less than a mile from its existing location.

Your Committee on Conference finds that amending the Code of Financial Institutions under chapter 412, Hawaii Revised Statutes, will reduce regulatory burden where significant consumer interests are not adversely affected; update the Code to recognize changes in the industry and make desirable clarifications to the statutes; provide more flexibility in supervising and regulating the industry; ensure adequate protection for the consumer; and make technical amendments of a “housekeeping” nature.

Your Committee on Conference has amended this measure by:

- (1) Adopting the language from S.B. No. 3008, S.D. 1 that amends the Code of Financial Institutions to allow the collection of information necessary to conduct criminal history record checks in accordance with section 846-2.7, Hawaii Revised Statutes;
- (2) Adopting the language from S.B. No. 3008, S.D. 1 that amends section 846-2.7, Hawaii Revised Statutes, to allow the Department of Commerce and Consumer Affairs to:
 - (A) Conduct criminal history record checks on proposed directors and executive officers of a bank, savings bank, savings and loan association, trust company, and depository financial services loan company as provided under sections 412:3-201 and 412:3-301, Hawaii Revised Statutes; and
 - (B) Conduct criminal history record checks on the original chartering applicants and proposed executive officers of a credit union as provided under section 412:10-103, Hawaii Revised Statutes;
- (3) Changing the effective date of this measure from July 1, 2020, to July 1, 2008; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3008, 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. 3008, S.D. 2, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Kokubun, Taniguchi and Trimble, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, none. Representatives Herkes, B. Oshiro, Tokioka and Marumoto, Managers on the part of the House. Ayes, 4. Noes, none. Excused, none.

Conf. Com. Rep. No. 10-08 on S.B. No. 3023

The purpose of this measure is to enhance Hawaii’s position as one of the world’s leading captive insurance jurisdictions by authorizing the creation of both special purpose financial captive insurance companies and sponsored captive insurance companies, and to require their regulation by the Insurance Commissioner.

Your Committee on Conference finds that this measure will promote the diversification and evolution of the captive insurance industry in the State by providing additional sources of capital.

Your Committee on Conference has amended this measure by:

- (1) Adding clarifying language that narrows the scope of the Insurance Commissioner’s authority to exempt a special purpose financial captive insurance company from any provision of the new part relating to special purpose financial captive insurance companies added to article 19, chapter 431, Hawaii Revised Statutes, and requires the Insurance Commissioner to take into consideration whether the public interest is being served or protected, and ensure that reasonable expectations of the policyholders and consumers will be maintained prior to ordering an exemption;
- (2) Changing the effective date from July 1, 2050, to July 1, 2008; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3023, 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. 3023, S.D. 2, H.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Kokubun, Baker, Taniguchi and Trimble, Managers on the part of the Senate. Ayes, 4. Noes, none. Excused, none. Representatives Herkes, B. Oshiro, Tokioka, McKelvey and Marumoto, Managers on the part of the House. Ayes, 5. Noes, none. Excused, none.

Conf. Com. Rep. No. 11-08 on S.B. No. 2434

The purpose of this bill is to revise the appointment process for the Stadium Authority, by:

- (1) Increasing the membership from nine to eleven members, with nine voting members;
- (2) Clarifying that of the nine voting members, the Governor shall appoint three directly, appoint three from a list of nominees from the general public submitted by the President of the Senate; and appoint three from a list of nominees from the general public submitted by the Speaker of the House of Representatives; and
- (3) Establishing a schedule for filling future vacancies.

Your Committee on Conference has amended this measure by:

- (1) Changing the effective date from July 1, 2025, to upon its approval; and
- (2) Making a technical, nonsubstantive amendment.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2434, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2434, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Fukunaga, Kim, Tsutsui, Espero and Whalen, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 2 (Tsutsui, Whalen). Representatives Yamane, Yamashita, Manahan and Wakai, Managers on the part of the House. Ayes, 4. Noes, none. Excused, none.

Conf. Com. Rep. No. 12-08 on S.B. No. 3166

The purpose of this measure is to provide for the designation of at least two members of the Hawaii Community Development Authority as representatives of small businesses located in the Kakaako Community Development District.

Your Committee on Conference finds that this measure would assure that the purpose of section 206E-1, Hawaii Revised Statutes, is met. The designation of these small business representatives would further one of the Legislature's stated intentions for forming the Hawaii Community Development Authority, which was to address insufficient commercial and industrial facilities for rent.

Your Committee on Conference has amended this measure by changing the effective date from July 1, 2034, to upon its approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3166, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3166, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Fukunaga, Hee and Slom, Managers on the part of the Senate. Ayes, 2. Noes, none. Excused, 1 (Slom). Representatives Ito, Yamashita, Brower, Rhoads and Marumoto, Managers on the part of the House. Ayes, 5. Noes, none. Excused, none.

Conf. Com. Rep. No. 13-08 on S.B. No. 2838

The purpose of this measure is to allow an individual taxpayer who files an electronic income tax return to request the Department of Taxation to deposit electronically the taxpayer's income tax refund into an unspecified maximum number of checking or savings accounts.

In addition, the measure:

- (1) Authorizes the Department of Taxation to modify and revise forms and computer systems to implement the new refund procedure; and
- (2) Requires the Director of Taxation to continue to visit low-income communities to assist in the preparation of tax filings.

Your Committee on Conference has amended this measure by:

- (1) Specifying that a taxpayer may indicate up to a maximum of three checking or savings accounts for receipt of an anticipated tax refund; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2838, 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. 2838, S.D. 2, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Chun Oakland, Fukunaga, Baker, Hooser and Hemmings, Managers on the part of the Senate. Ayes, 4. Noes, none. Excused, 1 (Fukunaga). Representatives Shimabukuro, Rhoads and Pine, Managers on the part of the House. Ayes, 2. Noes, none. Excused, 1 (Pine).

Conf. Com. Rep. No. 14-08 on S.B. No. 2196

The purpose of this measure is to authorize the Department of Land and Natural Resources to regulate those commercial enterprises that operate out of private marinas.

Your Committee on Conference has amended this measure by:

- (1) Changing the effective date from July 1, 2030, to July 1, 2008; and
- (2) Making technical, nonsubstantive amendments.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2196, 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. 2196, S.D. 2, H.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Fukunaga, Hee, Baker and Whalen, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Whalen). Representatives Ito, Yamashita, Waters, Tokioka and Thielen, Managers on the part of the House. Ayes, 5. Noes, none. Excused, none.

Conf. Com. Rep. No. 15-08 on S.B. No. 2054

The purpose of this measure is to establish best interest of the child criteria to specify what factors the courts shall consider in making a custody or visitation determination concerning a minor child.

Your Committee on Conference has amended this measure by:

- (1) Changing the effective date to July 1, 2008; and
- (2) Making one technical, nonsubstantive amendment for the purposes of clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2054, 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. 2054, S.D. 2, H.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Chun Oakland, Taniguchi and Hemmings, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, none. Representatives Shimabukuro, B. Oshiro, Belatti and Ward, Managers on the part of the House. Ayes, 4. Noes, none. Excused, none.

Conf. Com. Rep. No. 16-08 on S.B. No. 2730

The purpose of this bill is to establish a preference for the placement of children needing child protective services.

Specifically, this bill:

- (1) Provides that a placement preference shall be given to an appropriate relative identified by the Department of Human Services (Department);
- (2) Provides that the Department and other authorized agencies shall make reasonable efforts to identify all relatives within six months of assuming foster custody of the child;
- (3) Establishes that the Department shall provide an application within fifteen days of an inquiry from a prospective relative to provide foster placement; and
- (4) Amends Hawaii Revised Statutes section 587-2, by adding new definitions for “hanai relative” and “relative”.

Your Committee on Conference notes that by defining “hanai relative” as “an adult other than a blood relative who performs or has performed a substantial role in the upbringing or material support of a child”, that the use of the word “substantial” was not intended to preclude consideration of qualitative factors. In this regard, your Committee on Conference does not intend to exclude prospective hanai relatives whose relationship with a child may not seem “substantial” in temporal length, but is found to be “substantial” in light of other appropriate discretionary considerations taken on a case-by-case basis, including an evident bond with the child.

Your Committee on Conference has amended this measure by:

- (1) Changing the effective date to July 1, 2008; and
- (2) Making a technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2730, 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. 2730, S.D. 2, H.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Chun Oakland, Taniguchi and Hemmings, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, none. Representatives Shimabukuro, B. Oshiro, Belatti and Ward, Managers on the part of the House. Ayes, 4. Noes, none. Excused, none.

Conf. Com. Rep. No. 17-08 on S.B. No. 3087

The purpose of this measure is to require the Department of Labor and Industrial Relations to suspend for three years, any contractor that interferes with or delays an investigation by the Department of Labor and Industrial Relations, in determining if there has been a violation of the prevailing wage law.

Your Committee on Conference finds that by requiring the Director of Labor and Industrial Relations to suspend a contractor who delays or interferes with investigations conducted under Hawaii’s Public Works Law or falsifies payroll records from working on any public work for three years will deter these actions and allow for better enforcement of Hawaii’s Public Works Law.

Your Committee on Conference has amended this measure by combining the provisions of the Senate Draft 1 and House Draft 1 to provide that for falsification of records, or for delay or interference with an investigation pursuant to section 104-22, Hawaii Revised Statutes, the contractor shall be suspended for a period of three years.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3087, 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. 3087, S.D. 1, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Nishihara, Taniguchi and Trimble, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, none. Representatives Sonson, M. Oshiro, Sagum, Takamine and Meyer, Managers on the part of the House. Ayes, 4. Noes, none. Excused, 1 (Meyer).

Conf. Com. Rep. No. 18-08 on S.B. No. 1035

The purpose of this measure is to designate November 20th of each year as the Makahiki Commemoration Day.

Your Committee on Conference has amended this measure by amending the effective date to be upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1035, 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. 1035, S.D. 1, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Tokuda, Fukunaga, English and Whalen, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Whalen). Representatives Yamane, Ito and Ching, Managers on the part of the House. Ayes, 3. Noes, none. Excused, none.

Conf. Com. Rep. No. 19-08 on S.B. No. 2849

The purpose of this measure is to allow the use of agricultural lands:

- (1) For agricultural-energy facilities, provided that the primary activity of the agricultural-energy enterprise is agricultural activity; and
- (2) To provide affordable rental housing to agricultural workers and agricultural support buildings to agricultural business operators and support services by using or rehabilitating existing structures on plantation community subdivisions.

Your Committee on Conference has amended this measure by amending the definition of "plantation community subdivision" to allow for the construction of new agricultural employee housing and agricultural support buildings.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2849, 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. 2849, S.D. 1, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Tokuda, Menor and Slom, Managers on the part of the Senate. Ayes, 2. Noes, none. Excused, 1 (Slom). Representatives Morita, Ito, Tsuji and Thielen, Managers on the part of the House. Ayes, 4. Ayes with Reservations, 1 (Thielen). Noes, none. Excused, none.

Conf. Com. Rep. No. 20-08 on S.B. No. 2895

The purpose of this measure is to extend to equine animals, some of the legal protections accorded to pet animals relating to animal cruelty by making an offense involving serious bodily injury or death to an equine animal a class C felony.

Your Committee on Conference has amended this measure by amending the effective date to be upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2895, 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. 2895, S.D. 1, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Tokuda, Taniguchi, Hee and Slom, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Hee). Representatives B. Oshiro, Tsuji, Luke and Thielen, Managers on the part of the House. Ayes, 3. Noes, none. Excused, 1 (Thielen).

Conf. Com. Rep. No. 21-08 on S.B. No. 1337

The purpose of this measure is to clarify that when a court of competent jurisdiction issues an order compelling a parent to furnish his or her child with support, including child support, medical support, or other remedial care, and there is proof that:

- (1) The order was made, filed, and served on the parent; or
- (2) The parent was present in court at the time the order was pronounced; and
- (3) The parent did not comply with the order,

the proof shall constitute prima facie evidence of a civil contempt of court.

This measure also requires an order issued pursuant to this subsection to clearly state that failure to comply with the order may subject the parent to civil contempt of court, and that the penalty for civil contempt of court may include imprisonment.

The intent of your Committee on Conference is to facilitate the proof of civil contempt of court in proceedings involving enforcement of an order compelling a parent to pay child support, medical support, or other remedial care for the child.

Your Committee on Conference has amended this measure on the recommendation of the Attorney General by:

- (1) Clarifying that if an order of civil contempt based on prima facie evidence imposes immediate imprisonment, the order shall set forth the conditions that must be met for release from imprisonment;
- (2) Clarifying that civil contempt of court may be established by means other than by prima facie evidence; and
- (3) Clarifying the savings clause to limit its application to civil contempt proceedings.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1337, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1337, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Taniguchi, Hee and Slom, Managers on the part of the Senate. Ayes, 2. Noes, none. Excused, 1 (Hee). Representatives Shimabukuro, B. Oshiro, Belatti and Ward, Managers on the part of the House. Ayes, 3. Noes, none. Excused, 1 (Ward).

Conf. Com. Rep. No. 22-08 on S.B. No. 1961

The purpose of this measure is to establish a new part under chapter 804, Hawaii Revised Statutes, to provide comprehensive oversight and regulation of bail bond agents.

Specifically, the measure adds several definitions; establishes qualifications for licensing of bail bond agents; specifies grounds for the denial, suspension, or revocation of a bail bond agent's license; and establishes procedures for the exoneration of bail bond agents and sureties from bond liabilities and enforcement procedures for compensated sureties.

Your Committee on Conference wants to make it clear that an individual who serves as a bail bond agent cannot also legally represent the bailee. This is intended to address known practices where individuals are bailed by an attorney, and if they then refuse to be represented by that attorney, their bail is then revoked.

Upon further consideration, your Committee has amended the measure by:

- (1) Deleting the new part established under chapter 804, Hawaii Revised Statutes and, instead, adding a new article in chapter 431, Hawaii Revised Statutes, to:
 - (A) Define the terms "bail agent" and "on the board";
 - (B) Establish grounds for the denial, nonrenewal, suspension, or revocation of a bail bond agent's insurance producer's license;
 - (C) Establish fiduciary responsibilities for bail bond agents; and
 - (D) Prohibit an attorney who is a bail bond agent from representing a person to whom the attorney has furnished bail for compensation in any proceeding related to the furnishing of bail; and
- (2) Changing the effective date to January 1, 2008.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1961, 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. 1961, S.D. 1, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Taniguchi, Kokubun and Whalen, Managers on the part of the Senate. Ayes, 2. Noes, none. Excused, 1 (Whalen). Representatives Waters, Herkes, McKelvey and Pine, Managers on the part of the House. Ayes, 4. Noes, none. Excused, none.

Conf. Com. Rep. No. 23-08 on S.B. No. 2644

The purpose of this bill is to clarify the professional qualifications of the state historic preservation officer and the deputy historic preservation officer.

Your Committee on Conference has amended this measure by:

- (1) Clarifying that the purpose of the measure is to require that any person who is appointed by the Governor as a state historic preservation officer, meets the required standards established by the United States Secretary of the Interior;
- (2) Deleting the inclusion of the deputy historic preservation officer in the amendments to section 6E-5, Hawaii Revised Statutes; and
- (3) Making technical, nonsubstantive amendments.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2644, 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. 2644, S.D. 1, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Fukunaga, Tokuda, Espero, Kokubun and Whalen, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 2 (Kokubun, Whalen). Representatives Ito, Yamane, Karamatsu, Sagum and Ching, Managers on the part of the House. Ayes, 5. Noes, none. Excused, none.

Conf. Com. Rep. No. 24-08 on S.B. No. 2345

The purpose of this measure is to establish the Children's Bill of Rights to be used by state agencies when dealing with children of incarcerated parents.

Your Committee has amended this measure by:

- (1) Adopting the language of S.B. No. 2345, Senate Draft 1, which establishes guiding principles to be used by state agencies when dealing with children of incarcerated parents;
- (2) Adopting amendments suggested by the Department of the Attorney General, which help to clarify the aspirational nature of the measure; and
- (3) Changing its effective date to "upon approval."

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2345, 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. 2345, S.D. 1, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Chun Oakland, Nishihara, Espero, Sakamoto and Hemmings, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 2 (Sakamoto, Hemmings). Representatives Evans, Shimabukuro, B. Oshiro and Finnegan, Managers on the part of the House. Ayes, 4. Noes, none. Excused, none.

Conf. Com. Rep. No. 25-08 on S.B. No. 1891

The purpose of this measure is to protect the State's public lands by establishing criminal penalties for violations of chapter 171, Hawaii Revised Statutes, relating to management and disposition of public lands.

Specifically, the measure establishes that violating chapter 171, Hawaii Revised Statutes, and any rule adopted thereunder is a petty misdemeanor and provides escalating penalties for subsequent violations.

Your Committee on Conference has amended this measure by amending its effective date to be effective upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1891, 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. 1891, S.D. 1, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Hee, Taniguchi, Kokubun and Whalen, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Kokubun). Representatives Ito, Waters, Karamatsu and Thielen, Managers on the part of the House. Ayes, 4. Noes, none. Excused, none.

Conf. Com. Rep. No. 26-08 on S.B. No. 3061

The purpose of this measure is to conform state law to current federal law by deleting references to the Aid to Families with Dependent Children Act and the Job Opportunities and Basic Skills Act and replacing them with language referencing Temporary Assistance for Needy Families, Temporary Assistance for Other Needy Families, and the First-to-Work program.

Your Committee has amended this measure by making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3061, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3061, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Chun Oakland, Hooser and Hemmings, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, none. Representatives Shimabukuro, Sonson, Rhoads, Awana and Ward, Managers on the part of the House. Ayes, 3. Noes, none. Excused, 2 (Awana, Sonson).

Conf. Com. Rep. No. 27-08 on S.B. No. 2456

The purpose of this bill is to create a new petty misdemeanor offense of harassment by impersonation.

Your Committee on Conference has amended this measure by:

- (1) Changing the offense from a petty misdemeanor to a misdemeanor; and
- (2) Changing the effective date from July 1, 2050, to upon its approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2456, 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. 2456, S.D. 2, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Fukunaga, Taniguchi and Slom, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, none. Representatives Waters, B. Oshiro and Pine, Managers on the part of the House. Ayes, 3. Noes, none. Excused, none.

Conf. Com. Rep. No. 28-08 on S.B. No. 2449

The purpose of this bill is to remove the statutory probationary periods for new teachers, principals, and vice-principals of the Department of Education.

Your Committee on Conference finds that, pursuant to the collective bargaining agreement negotiated between the exclusive representative for bargaining unit (5) and the State, newly employed teachers of the Department of Education are subject to a probationary period of one year, or two semesters. Collective bargaining negotiations between the exclusive representative of bargaining unit (6) and the State regarding probationary periods for principals and vice-principals have also been occurring. Under the current law, all new teachers, principals, and vice-principals are subject to statutory probationary periods of two years. This bill removes the statutory probationary periods to allow such matters to be handled through the collective bargaining process. This change acknowledges the prior and pending agreements made and honors the spirit of the collective bargaining process provided to eligible employees.

Upon further consideration, your Committee on Conference has amended this bill by including language to indicate that the repeal of the law reflects the Department of Education's and the Hawaii State Teachers Association's efforts to clarify and simplify the process for extending the probationary period for teachers and school administrators.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2449, 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. 2449, S.D. 2, H.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Sakamoto, Gabbard, Taniguchi and Slom, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Taniguchi). Representatives Takumi, Sonson, Berg, Takamine and Finnegan, Managers on the part of the House. Ayes, 5. Noes, none. Excused, none.

Conf. Com. Rep. No. 29-08 on S.B. No. 3051

The purpose of this measure is to authorize the Department of Human Services (Department) or its designee to conduct criminal history record checks for certain individuals who provide services to vulnerable adults and children.

This measure also:

- (1) Adds the retired and senior volunteer program to the list of Department programs for which criminal background record checks are conducted; and
- (2) Expands the list of individuals whose backgrounds may be looked into to include volunteers and other adults regularly present at the programs identified in Hawaii Revised Statutes section 346-97.

Your Committee has amended this measure by:

- (1) Adopting the language of S.B. No. 3051, Senate Draft 2, House Draft 1, which permits the Department to designate a third party to conduct certain criminal record checks;
- (2) Changing its effective date to July 1, 2008;
- (3) Expanding the amendments made to Hawaii Revised Statutes section 346-97 to:
 - (a) Include subsection (c) to allow individuals subject to a Department background check to provide consent to the Department or its designee;
 - (b) Include subsection (d) to mandate that the Department or its designee shall obtain criminal history record information on specified individuals for two years, and shall conduct criminal history name inquiries annually or biennially thereafter;
- (4) Expanding the amendments made to Hawaii Revised Statutes section 346-335 to:
 - (a) Clarify that an applicant for programs set forth in Hawaii Revised Statutes section 346-97 shall be subject to criminal history record checks and adult abuse perpetrator checks, and shall provide consent for such checks to the Department or its designee; and
 - (b) Include subsection (e) to provide that the Department or its designee shall conduct name inquiries into criminal history records and the adult protective service file for two years, and then annually or biennially thereafter depending on the licensure status of the employing home and community-based case management agency;
- (5) Amending the amendments made to Hawaii Revised Statutes section 846-2.7 subsection (b)(19) to amend the term "dependent adult" to read "vulnerable adult"; and subsection (b)(23) to allow the Department to conduct criminal history record checks on contracted and subcontracted service providers and their current and prospective employees that provide home and community-based services under any other applicable section of the Social Security Act in addition to Section 1915(c); and
- (6) Making technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3051, 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. 3051, S.D. 2, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Chun Oakland, Taniguchi and Hemmings, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, none. Representatives Shimabukuro, B. Oshiro, Rhoads, Awana and Ward, Managers on the part of the House. Ayes, 3. Noes, none. Excused, 2 (Awana, Ward).

Conf. Com. Rep. No. 30-08 on S.B. No. 2373

The purpose of this bill is to reduce the purchase of pseudoephedrine containing products for the purpose of manufacturing methamphetamines by requiring pharmacies and retailers to maintain an electronic log of pseudoephedrine and pseudoephedrine combination product sales and transmit the information to the Department of Public Safety Narcotics Enforcement Division on a monthly basis.

Your Committee on Conference finds that many of the retail stores in the State that are able to sell pseudoephedrine products, are not pharmacies and are unable to verify prior pseudoephedrine sales with their other retail counterparts. Thus, an individual has the ability to visit multiple retail chain stores and obtain 3.6 grams of pseudoephedrine per visit without the retailer being able to verify or track the individual's previous purchases that day. This bill will curtail the purchase of pseudoephedrine products for the manufacturing of methamphetamines, and assist law enforcement in their efforts in verifying and tracking pseudoephedrine sales.

Your Committee on Conference has amended this bill by:

- (1) Adopting language suggested by the Narcotics Enforcement Division of the Department of Public Safety that amends section 329-75, Hawaii Revised Statutes, by:
 - (A) Deleting language that refers to a pharmacy or retailer dispensing controlled substances;
 - (B) Creating a class C felony penalty for any person who is guilty of knowingly purchasing, possessing, or receiving more than nine grams of any product containing a detectable quantity of pseudoephedrine without a valid prescription within a thirty-day period; and
 - (C) Creating a misdemeanor and the immediate license suspension penalty for any retailer who intentionally or knowingly fails to transmit any information on the electronic log; and

- (2) Changing the effective date of this measure from January 1, 2050, to July 1, 2008 and changing the implementation deadline for pharmacies and retailers to establish the electronic log from January 1, 2050, to January 1, 2010; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2373, 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. 2373, S.D. 1, H.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Kokubun, Taniguchi, Ige and Whalen, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Whalen). Representatives Green, Evans, Herkes, B. Oshiro, Har and Ward, Managers on the part of the House. Ayes, 5. Noes, none. Excused, 1 (Herkes).

Conf. Com. Rep. No. 31-08 on S.B. No. 2080

The purpose of this bill is to authorize the Hawaii Teacher Standards Board to automatically suspend and subsequently revoke a teacher's license when the teacher has been convicted of certain sexual offenses against a minor.

This bill also:

- (1) Requires the Board of Education and the Clerk of Court in which the conviction is made to notify appropriate parties of the conviction; and
- (2) Provides procedures for reconsideration of suspension or revocation of a teacher's license for the conviction of certain sexual offenses against a minor.

Your Committee on Conference finds that the health and safety of our keiki, particularly while they are in school, is a high priority for the State. While the Department of Education takes necessary precautions in screening and hiring employees, the Hawaii Teacher Standards Board can provide great assistance in ensuring that teachers convicted of certain crimes do not retain or renew their licenses to teach in the State. This bill authorizes the Hawaii Teacher Standards Board to automatically suspend and subsequently revoke a teacher's license upon notice that a teacher has been convicted of a sexual offense against a minor. Although this practice is being examined by the Hawaii Teacher Standards Board for inclusion in its administrative rules, this matter is appropriate for immediate statutory implementation until such rules may be adopted to ensure the safety of our students.

Upon further review, your Committee on Conference has amended this bill by changing its effective date to upon approval; provided that it shall be repealed on July 1, 2010, or upon adoption of rules regarding the matter by the Hawaii Teacher Standards Board, whichever is earlier.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2080, 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. 2080, S.D. 2, H.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Sakamoto, Taniguchi, Tokuda and Slom, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Tokuda). Representatives Takumi, Sonson, B. Oshiro and Finnegan, Managers on the part of the House. Ayes, 3. Noes, none. Excused, 1 (Sonson).

Conf. Com. Rep. No. 32-08 on S.B. No. 2785

The purpose of this measure is to increase the maximum amount in controversy over which the District Court shall have jurisdiction in civil actions from \$20,000 to \$30,000.

The current limit for claims in the District Courts was established by the Legislature in 1994. An increase in the jurisdictional limit of the District Courts would take into account the effect of inflation over the years.

Your Committee on Conference has amended this measure by:

- (1) Changing the limit to \$25,000; and
- (2) Changing the effective date to upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2785, 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. 2785, S.D. 1, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Taniguchi, Hee and Slom, Managers on the part of the Senate. Ayes, 2. Noes, none. Excused, 1 (Hee). Representatives B. Oshiro, Lee and Thielen, Managers on the part of the House. Ayes, 2. Noes, none. Excused, 1 (Thielen).

Conf. Com. Rep. No. 33-08 on S.B. No. 3092

The purpose of this measure is to prevent identity theft of individuals in the State by preventing persons' full social security numbers from being disclosed in certain public documents.

Specifically, this measure prohibits judgments, orders, and decrees that are recorded in the Land Court and the Bureau of Conveyances from using the full social security number, and instead requires the use of only the last four digits of the social security number to identify the person against whom the judgment, order, or decree is rendered.

The intent of your Committee on Conference is to protect persons from identity theft in one of the most common legal documents filed with the State.

Your Committee on Conference has amended this measure by changing the effective date to July 1, 2008.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3092, 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. 3092, S.D. 1, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Taniguchi, Nishihara, Kokubun and Slom, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Slom). Representatives Herkes, Waters, McKelvey and Marumoto, Managers on the part of the House. Ayes, 3. Noes, none. Excused, 1 (Marumoto).

Conf. Com. Rep. No. 34-08 on S.B. No. 2499

The purpose of this measure is to facilitate the establishment of kalo as the official State plant by making Act 36, Session Laws of Hawaii 2007, effective upon the completion of dialogue with Native Hawaiians, students from all islands, and those who identify themselves as Hawaiians, to be completed by the Department of Education through its existing curriculum.

Your Committee on Conference have amended this measure by making Act 36, Session Laws of Hawaii 2007, effective upon the completion of the following:

- (1) The Office of Hawaiian Affairs publishes, in its statewide publication, a statement that establishes the importance of Act 36 in promoting and preserving Hawaii's unique cultural heritage;
- (2) The Office of Hawaiian Affairs conducts community meetings in each county of the State that allows for public input and dialogue regarding the provisions of Act 36, if the Office of Hawaiian Affairs determines that there is sufficient interest from the public in participating in these community meetings; and
- (3) The Board of Trustees of the Office of Hawaiian Affairs, at a duly-noticed meeting, votes in the affirmative to declare that the provisions of paragraphs (1) and (2) have been met.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2499, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2499, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Tokuda, English, Hee and Slom, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Hee). Representatives Yamane, Ito, Takumi, Waters, Manahan and Ching, Managers on the part of the House. Ayes, 4. Noes, none. Excused, 2 (Waters, Ching).

Conf. Com. Rep. No. 35-08 on S.B. No. 2833

The purpose of this bill is to address the long range issues critical to Hawaii's way of life and natural resources and assure a sustainable outlook for future generations by requiring the University of Hawaii at Manoa's Public Policy Center to review the Hawaii 2050 Sustainability Plan and report to the Legislature no later than twenty days prior to the convening of the 2010 Regular Session.

Your Committee on Conference finds that the Hawaii 2050 Sustainability Plan is an important tool and guiding force for the State and that community engagement is vital for the development, implementation, and longevity of the plan. However, further study and development of the plan is needed in order for the plan to more effectively serve as guide to policy makers.

Your Committee on Conference notes that the University of Hawaii at Manoa's Public Policy Center will review the sustainability plan documents, data sources, and benchmarks developed to date by the Hawaii 2050 Sustainability Task Force. The Public Policy Center will meet with the leaders and organizations that developed each of the goals to frame and clarify their goals, objectives, actions, and benchmarks. Using its existing resources, the Public Policy Center will provide a report on the feedback from the various stakeholders, and the report will include a suggested action plan for furthering the vision and goals of the Hawaii 2050 Sustainability Plan.

Your Committee on Conference has amended this bill by:

- (1) Changing the effective date from July 1, 2050, to effective upon its approval; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2833, 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. 2833, S.D. 1, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Kokubun, Baker, Taniguchi and Hemmings, Managers on the part of the Senate. Ayes, 4. Noes, none. Excused, none. Representatives Chang, Morita, Ito, Yamashita, Shimabukuro, M. Oshiro and Ward, Managers on the part of the House. Ayes, 4. Noes, none. Excused, 3 (Ito, Shimabukuro, Ward).

Conf. Com. Rep. No. 36-08 on S.B. No. 1802

The purpose of this bill is to allow health care providers to share necessary and relevant information, while preserving patient privacy, by creating an exception to the confidentiality of mental health records. This bill authorizes disclosure of a person's record of diagnosis and prescribed medications when the disclosure is made by the person's most recent health care provider to a subsequent health care provider for the purpose of continued care or treatment.

Upon further consideration, your Committee on Conference has made the following amendments to S.B. No. 1802, H.D. 1:

- (1) Inserted definitions of "health care operations", "health care provider", and "treatment summary" to section 334-1, Hawaii Revised Statutes, to clarify which records of information may be disclosed;

- (2) Deleted language that allowed for the disclosure of records of diagnosis and prescribed medications by the person's most recent health care provider to a subsequent health care provider;
- (3) Inserted language that allows for the disclosure of a person's treatment summary from a previous five-year period from one health care provider to another when deemed necessary for the purpose of continued care and treatment of the person, or for health care operations; provided that the health care provider seeking disclosure makes reasonable efforts to obtain advance consent from the person;
- (4) Changed the effective date to upon approval; and
- (5) Made technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1802, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1802, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Ige, Taniguchi, Fukunaga and Whalen, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Fukunaga). Representatives Green, B. Oshiro and Ward, Managers on the part of the House. Ayes, 3. Noes, none. Excused, none.

Conf. Com. Rep. No. 37-08 on S.B. No. 2396

The purpose of this bill is to augment an understanding of forensic patient data at the Hawaii State Hospital, and promote community-based health services for forensic patients by:

- (1) Requiring the Department of Health to submit an annual report that summarizes yearly data on forensic patients;
- (2) Requiring yearly court status hearings for individuals ordered to be conditionally released by the mental health court;
- (3) Reducing the minimum length of hospitalization from ninety to thirty days for individuals who are recommitted after conditional release;
- (4) Appropriating funds for the operation and expansion of the mental health court; and
- (5) Providing that, except where an individual acquitted of a felony because of physical or mental disease, disorder, or defect, has applied for conditional release or discharge within the previous year, a status hearing will be held once per year for the next four years, and then in biennial intervals thereafter.

Upon further consideration, your Committee on Conference has made the following amendments to S.B. No. 2396, S.D. 1, H.D. 3:

- (1) Deleted the language that requires court assessments, except where an individual has applied for conditional release or discharge within the previous year, of the need for further inpatient hospitalization of a person who is acquitted of a felony on the ground of physical or mental disease, disorder, or defect excluding responsibility:
 - (A) One calendar year after the date of commitment; and
 - (B) Once per year after the first calendar year for the next four years and then in biennial intervals thereafter;
- (2) Inserted language that authorizes the Director of Health or a committed person to apply to the court to conduct a hearing to assess any further need for inpatient hospitalization of a person who is acquitted of a felony on the ground of physical or mental disease, disorder, or defect excluding responsibility;
- (3) Inserted language that, upon application to the court by either the Director of Health or the person committed, requires the court to complete the hearing process and render a decision within sixty days of the application, provided that for good cause the court may extend the sixty day time frame upon the request of the Director of Health or the committed person;
- (4) Amended the timeline for an application for conditional release or discharge from hospitalization of a committed person from thirty days to sixty days following the revocation of conditional release;
- (5) Deleted the provision appropriating funds for the operations and expansion of the mental health court;
- (6) Inserted language that makes assault on a person employed at a state-operated or—contracted mental health facility an assault in the second degree which is a class C felony;
- (7) Changed the effective date to July 1, 2008; and
- (8) Made technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2396, 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. 2396, S.D. 1, H.D. 3, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Ige, Taniguchi, Baker, Nishihara and Whalen, Managers on the part of the Senate. Ayes, 5. Noes, none. Excused, none. Representatives Green, B. Oshiro, M. Oshiro, Mizuno and Ward, Managers on the part of the House. Ayes, 5. Noes, none. Excused, none.

Conf. Com. Rep. No. 38-08 on S.B. No. 2212

The purpose of this measure is to:

- (1) Make it a crime of kidnapping in the first degree to intentionally or knowingly restrain another person with the intent to unlawfully obtain the labor or services of the person, regardless of whether a debt collection is involved, and to define "labor" and "services" accordingly;
- (2) Delete a reference to involuntary servitude as an element of unlawful imprisonment in the first degree;
- (3) Add a reference to unlawfully obtaining "labor" in the commission of extortion, and adding an element to the offense, namely, to destroy, conceal, remove, confiscate, or possess a passport or other government identification or immigration document of another person;
- (4) Add a reference to "labor" as an element of extortion in the first, second, and third degrees;
- (5) Clarify the elements of the offense of promoting prostitution in the first degree by adding a reference to "force, threat, or intimidation" and deleting "criminal coercion"; and applying the offense to a person who knowingly advances or profits from prostitution of a person who is less than eighteen, rather than sixteen, years old; and
- (6) Clarify the elements of the offense of promoting prostitution in the second degree by inserting a reference to "prostituted persons".

The intent of your Committee on Conference is to strengthen the laws on prostitution and related offenses to deter and punish sexual exploitation of minors, including obscenity-related activities.

Your Committee on Conference has amended this measure by changing the effective date to upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2212, 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. 2212, S.D. 1, H.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Taniguchi, Gabbard and Slom, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, none. Representatives Shimabukuro, Waters, Lee and Ward, Managers on the part of the House. Ayes, 4. Noes, none. Excused, none.

Conf. Com. Rep. No. 39-08 on S.B. No. 2867

The purpose of this measure is to prohibit a chief procurement officer from delegating the chief procurement officer's authority to resolve protests under the Hawaii Public Procurement Code.

This measure also specifies that any false information or misrepresentation knowingly placed in the solicitation of an offeror or a subcontractor shall be a basis for not awarding the contract to the offeror or the subcontractor and shall result in the imposition by the chief procurement officer of a one year mandatory suspension from consideration for awards.

Your Committee on Conference has amended this measure by:

- (1) Specifying that any false information or misrepresentation knowingly placed in the solicitation of an offeror or a subcontractor by an agency shall be a basis for nullifying the solicitation by the administrator of the state procurement office;
- (2) Specifying that any false information or misrepresentation knowingly placed in the bid of the bidder or subcontractor shall be the basis for not awarding the bid to that bidder or the bidder's subcontractor; provided that the bidder or subcontractor may protest the non-award first to the agency letting the bid under section 103D-701, Hawaii Revised Statutes, secondly appeal thereafter to the State Procurement Office for proceedings under section 103D-703, Hawaii Revised Statutes, and thirdly thereafter request review by the Department of Commerce and Consumer Affairs under section 103D-709, Hawaii Revised Statutes;
- (3) Deleting reference to delegation of authority by the chief procurement officer's authority to resolve protests; and
- (4) Making technical, nonsubstantive amendments for the purpose of style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2867, 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. 2867, S.D. 2, H.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Nishihara, Taniguchi, Kim and Trimble, Managers on the part of the Senate. Ayes, 4. Noes, none. Excused, none. Representatives Yamashita, B. Oshiro, Wakai and Marumoto, Managers on the part of the House. Ayes, 4. Noes, none. Excused, none.

Conf. Com. Rep. No. 40-08 on S.B. No. 3001

The purpose of this bill is to clarify the law relating to the administration of funds collected from electric utility customers to support energy-efficiency and demand-side management programs and services (programs and services). Among other things, this bill:

- (1) Renames the funds collected and transferred for the programs and services as the Public Benefits Fee (Fee);
- (2) Clarifies the Public Utility Commission's (PUC's) ability to contract with a third-party Public Benefits Fee Administrator (Administrator) to manage the programs and services;
- (3) Declares that the Fee is not to be considered state or public moneys subject to appropriation by the Legislature or required to be deposited into the state treasury; and
- (4) Allows the State to participate in the programs and services on the same basis as any other electric consumer.

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

- (1) Clarifying that the Administrator is contracted by the PUC, not appointed;
- (2) In lieu of the provision exempting the contract to purchase third-party administrative services from the Procurement Code, establishing that the Administrator shall not be deemed to be a "governmental body" as defined in the Procurement Code;
- (3) Changing its effective date to July 1, 2008; and
- (4) Making technical, nonsubstantive amendments for style, clarity, and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3001, 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. 3001, S.D. 2, H.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Menor, Kokubun, Baker and Trimble, Managers on the part of the Senate. Ayes, 4. Noes, none. Excused, none. Representatives Morita, Herkes, Carroll, McKelvey and Thielen, Managers on the part of the House. Ayes, 5. Noes, none. Excused, none.

Conf. Com. Rep. No. 41-08 on S.B. No. 2341

The purpose of this bill is to require out-of-state detention facilities that hold inmates from Hawaii, pursuant to a contract with the State of Hawaii, to provide the public with information relating to the operation of their facility.

Your Committee on Conference has amended this measure by:

- (1) Clarifying that the remedies available for failure to provide information shall not be available for information that is entitled to protection under section 92F-13, Hawaii Revised Statutes, or information that is a trade secret as defined in section 482B-2, Hawaii Revised Statutes;
- (2) Defining "privately owned prison or other out-of-state detention facility";
- (3) Changing the effective date to July 1, 2008; and
- (4) Making technical, nonsubstantive amendments for the purpose of clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2341, 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. 2341, S.D. 1, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Espero, Taniguchi, Nishihara and Whalen, Managers on the part of the Senate. Ayes, 4. Noes, none. Excused, none. Representatives Evans, B. Oshiro, Har and Finnegan, Managers on the part of the House. Ayes, 4. Ayes with Reservations, 1 (Finnegan). Noes, none. Excused, none.

Conf. Com. Rep. No. 42-08 on S.B. No. 1487

The purpose of the bill is to improve and update Hawaii's controlled substances schedules to conform to changes made in federal law. This bill clarifies the definition of schedule II depressants and adds pregabalin as a schedule V depressant.

Your Committee upon further consideration has made the following amendments to S.B. No. 1487, S.D. 2, H.D. 2:

- (1) Deleted Part I of the bill which amended the schedule I, II, IV, and V controlled substances statutes regarding depressants;
- (2) Changed the effective date to July 1, 2008; and
- (3) Made technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1487, 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. 1487, S.D. 2, H.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Ige, Taniguchi, Fukunaga, Nishihara and Whalen, Managers on the part of the Senate. Ayes, 4. Noes, none. Excused, 1 (Fukunaga). Representatives Green, B. Oshiro and Pine, Managers on the part of the House. Ayes, 3. Noes, none. Excused, none.

Conf. Com. Rep. No. 43-08 on S.B. No. 2363

The purpose of this bill is to provide additional protection to mentally disabled persons who lack the capacity to consent to sexual acts by establishing strict liability for the offense of sexual assault against persons who are mentally defective.

Upon further consideration, your Committee on Conference has made the following amendments to S.B. No. 2363, S.D. 2, H.D. 1:

- (1) Deleted the explicit mens rea language "knowingly" from the offenses of sexual assault in the first and third degrees as applied to persons who are mentally defective;
- (2) Deleted language that eliminated the requirement that the prosecution prove that the person knew the other person was mentally defective;
- (3) Provided for an affirmative defense, in a prosecution for the offenses of sexual assault in the first and third degrees, that the person did not know that the other person was mentally defective;

- (4) Changed the effective date to “upon approval”; and
- (5) Made technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2363, 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. 2363, S.D. 2, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Ige, Taniguchi, Gabbard and Whalen, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Whalen). Representatives B. Oshiro, Green, Luke and Pine, Managers on the part of the House. Ayes, 4. Noes, none. Excused, none.

Conf. Com. Rep. No. 44-08 on S.B. No. 2157

The purpose of this measure is to clarify the right of a pain patient to be prescribed controlled substances to relieve pain.

Specifically, this measure adds to the pain patient’s bill of rights a provision that the relief of pain shall be guided by the medical principle that physical tolerance and dependence are normal consequences of sustained use of opiate medication, distinguishable from psychological dependency or addiction. This measure also provides that patients suffering severe acute or chronic pain shall be entitled to receive a prescription of opiate medication, if requested by the patient; provided that the patient is not addicted to the opiate and the opiate is appropriate for treatment.

Furthermore, this measure extends the length of time for a schedule II controlled substance prescription to be filled from three to seven days after the prescription is issued to the patient.

Your Committee on Conference has amended this measure by:

- (1) Deleting reference in the purpose section to controlling pain from disease and chronic conditions, and references to a 1999 survey and a research publication; and
- (2) Changing the effective date to upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2157, 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. 2157, S.D. 1, H.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Taniguchi, Ige and Slom, Managers on the part of the Senate. Ayes, 2. Noes, none. Excused, 1 (Slom). Representatives Green, B. Oshiro, M. Oshiro, Mizuno and Ward, Managers on the part of the House. Ayes, 5. Noes, none. Excused, none.

Conf. Com. Rep. No. 45-08 on S.B. No. 3203

The purpose of this measure is to criminalize “animal hoarding” as a petty misdemeanor.

Specifically, the measure defines “animal hoarding” as the:

- (1) Possession of twenty or more dogs, cats, or a combination of dogs and cats;
- (2) Failure to provide necessary sustenance for each dog or cat; and
- (3) Disregarding of conditions under which the dogs or cats are living and the deleterious impact the conditions have on the dogs’, cats’, or owner’s health and well-being.

This measure is in response to recent incidences of the keeping of a large number of animals, typically dogs and cats, without providing them adequate care.

Your Committee on Conference notes that the standard of care with regard to cruelty to animals in section 711-1100, Hawaii Revised Statutes, defines “necessary sustenance” as follows:

“Necessary sustenance” means care sufficient to preserve the health and well-being of a pet animal, except for emergencies or circumstances beyond the reasonable control of the owner or caretaker of the pet animal, and includes but is not limited to the following requirements:

- (1) Food of sufficient quantity and quality to allow for normal growth or maintenance of body weight;
- (2) Open or adequate access to water in sufficient quantity and quality to satisfy the animal’s needs;
- (3) Access to protection from wind, rain, or sun; and
- (4) An area of confinement that has adequate space necessary for the health of the animal and is kept reasonably clean and free from excess waste or other contaminants that could affect the animal’s health.”

Your Committee on Conference finds that animal hoarding is an under-recognized community problem that affects both human and animal welfare.

Your Committee on Conference has amended this measure by:

- (1) Making it a misdemeanor offense;
- (2) Clarifying the state of mind for the offense as intentionally, knowingly, or recklessly;

- (3) Clarify the conditions in which the dogs or cats are living as an element of the offense, to address an issue raised by the Attorney General;
- (4) Making conforming statutory amendments; and
- (5) Changing the effective date to upon approval and inserting a sunset of July 1, 2011, to give this measure time to prove its effectiveness and to revisit any complications, if any, that may be experienced in its application.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3203, 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. 3203, S.D. 1, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Taniguchi, Kokubun and Gabbard, Managers on the part of the Senate. Ayes, 2. Noes, none. Excused, 1 (Gabbard). Representatives B. Oshiro, Luke and Marumoto, Managers on the part of the House. Ayes, 3. Noes, none. Excused, none.

Conf. Com. Rep. No. 46-08 on S.B. No. 2825

The purpose of this measure is:

- (1) Allow the Administrator of the State Procurement Office to determine the corrective actions; and
- (2) Specify that procurement officers who fail to comply with the Administrator's determination of corrective action within thirty days of issuance of the determination, or longer if permitted by the Administrator, are subject to an administrative fine for each day of noncompliance.

Your Committee on Conference finds that governmental bodies are culpable at times for procurements that are not in compliance with law. The Hawaii Public Procurement Code provides general authority to the Chief Procurement Officer to assess fines. This measure clarifies that the Administrator of the State Procurement Office may assess fines in those instances against governmental bodies, including public employees, as well as to make determinations as to corrective actions.

Your Committee on Conference has amended this measure by changing the effective date to January 1, 2009, and making technical nonsubstantive amendments.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2825, 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. 2825, S.D. 1, H.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Nishihara, Tsutsui, Kim and Trimble, Managers on the part of the Senate. Ayes, 4. Noes, none. Excused, none. Representatives Yamashita, B. Oshiro, Wakai and Thielen, Managers on the part of the House. Ayes, 4. Noes, none. Excused, none.

Conf. Com. Rep. No. 47-08 on S.B. No. 6

The purpose of this measure is to prohibit the sale of all Hawaiian species of edible opihi, with an exception for opihi shells of a certain size used to make curios and jewelry.

According to Hawaii's scientific community, in the past century, there has been a ten-fold decline in the amount of opihi available in markets, and the average amount of opihi has further decreased by one-half in the past 40 years. The people of Hawaii, opihi harvesters, university scientists, and marine resource managers agree that the popularity of opihi as a delicacy has led to overharvesting statewide and the decline of natural populations. Notably, the Island of Oahu has been impacted especially hard, where *Cellana exarata* and *Cellana sandwicensis* are rare, and *Cellana talcosa* is functionally absent.

Marine scientists have discovered that the key to increasing the sustainable harvest of the opihi populations is protecting a portion of the populations so that they may reproduce and create the next generation. Fisheries replenishment/management areas are a promising management tool to protect breeding populations, while allowing harvest in unprotected areas. The life history characteristics of opihi are perfectly suited to this management strategy because the adults will remain within the protected areas, and the swimming larvae of the opihi can disperse within an island and replenish both harvested and protected areas.

Your Committee on Conference finds that the use of scientific management tools to protect and increase breeding populations, in particular on the Island of Oahu for at least a period of five years, is necessary. Further, this measure recognizes Native Hawaiian gathering rights as articulated by the Supreme Court of Hawaii in Public Access Shoreline Hawaii v. Hawaii County Planning Commission, 903 P.2d 1246, 79 Haw. 425 (Haw. 1995), and the area governed by the Kahoolawe Island Reserve Commission.

Your Committee on Conference has amended this measure by:

- (1) Amending its purpose to more accurately reflect the intent to protect the opihi population and prevent the extinction of opihi in the State;
- (2) Making it unlawful for five years to take or harvest opihi on the Island of Oahu;
- (3) Making it unlawful to take, harvest, or possess opihi from all off-shore islets and islands in the State, including but not limited to those islands listed in the *Atlas of Hawai'i, 3rd Edition (1998), Geography Dept., UH-Hilo*, man-made jetties and breakwaters, as well as fishery management areas, fisheries replenishment areas, natural area reserves, refuges, and marine life conservation districts established by the Department of Land and Natural Resources;
- (4) Making it unlawful for a person to be in possession of at least one item from each of the following paragraphs, at the same time:

- (a) Equipment of any apparatus that would allow a person to see and remain underwater;
 - (b) An instrument commonly used as a tool to harvest or take opihi; and
 - (c) Live opihi;
- (5) Requiring the Department of Land and Natural Resources, Division of Aquatic Resources to monitor the population size and demography of each species of opihi to determine the effectiveness of this measure and to submit an annual report to the Legislature;
- (6) Providing that the Kahoolawe Island Reserve Commission shall govern the taking, harvesting, or possessing of opihi from within the Kahoolawe Island Reserve;
- (7) Exempting from this measure the exercise of native Hawaiian gathering rights as defined by the Supreme Court of Hawaii in Public Access Shoreline Hawaii v. Hawaii County Planning Commission, 903 P.2d 1246, 79 Haw. 425 (Haw. 1995); provided that this section shall not apply to the taking of opihi from below the waterline at anytime; and
- (8) Changing the effective date to “upon approval” and repealing the ban on taking or harvesting opihi on Oahu on June 30, 2013.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 6, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 6, H.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Hee, Fukunaga and Whalen, Managers on the part of the Senate. Ayes, 2. Noes, none. Excused, 1 (Fukunaga). Representatives Ito, Waters and Thielen, Managers on the part of the House. Ayes, 3. Noes, none. Excused, none.

Conf. Com. Rep. No. 48-08 on S.B. No. 2827

The purpose of this measure is to require under the Hawaii Public Procurement Code that:

- (1) A protest be submitted in writing within seven working days after the aggrieved person knows or should have known of the facts giving rise thereto; and
- (2) The purchasing agency notify in writing all offerors that solicited an award of a contract of their non-selection not later than the day of the posting of the award. The publicly posted award must include specified information.

The intent of your Committee on Conference is to give non-selected bidders timely notification of their non-selection so that they may exercise their right to file a protest within the time frame established by law. This will greatly assist in making the procurement process transparent and fair.

Your Committee has amended this measure by adding a requirement that written notification to the non-selected persons be sent not later than the day of the posting of the electronic posting of awarded contracts for professional services of \$5,000 or more.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2827, 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. 2827, S.D. 1, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Nishihara, Kim and Hooser, Managers on the part of the Senate. Ayes, 2. Noes, none. Excused, 1 (Hooser). Representatives Yamashita, Wakai and Marumoto, Managers on the part of the House. Ayes, 3. Noes, none. Excused, none.

Conf. Com. Rep. No. 49-08 on S.B. No. 2163

The purpose of this bill is to limit the duration of employment of an emergency unlicensed hire of the Department of Education to three years or four years if hired prior to July 1, 2008.

Your Committee on Conference finds that to provide adequate public education for our keiki, the problem to be addressed is not simply that of a teacher shortage, but more specifically the shortage of highly qualified licensed teachers. The Hawaii Teacher Standards Board is tasked with regulating teachers within the State, and, although currently the Department of Education is experiencing a shortage of qualified licensed teachers to teach in the public schools, maximization of teacher licensure in the public schools should be our goal. The current law allows unlicensed individuals to be hired on an emergency basis for a maximum period of four years, while demonstrating active pursuit of proper licenses. This bill reduces the duration of employment for such emergency hires to three years, or four years for unlicensed individuals hired prior to July 1, 2008. This limitation should encourage unlicensed individuals to become licensed in a more expeditious manner; however, the issue may need to be revisited in the future to ensure that it is not acting as an obstacle to ensuring there are adequate numbers of teachers to teach in the public schools.

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

- (1) Providing that the amendments made to section 302A-804, Hawaii Revised Statutes, under section 2 shall be repealed on July 1, 2011; and
- (2) Making technical, nonsubstantive changes for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2163, 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. 2163, S.D. 1, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Sakamoto, Tokuda, Nishihara, Gabbard and Slom, Managers on the part of the Senate. Ayes, 4. Noes, none. Excused, 1 (Tokuda). Representatives Takumi, Sonson, Magaoay, Berg and Finnegan, Managers on the part of the House. Ayes, 4. Noes, none. Excused, 1 (Sonson).

Conf. Com. Rep. No. 50-08 on S.B. No. 1793

The purpose of this measure is to grant the Natural Energy Laboratory of Hawaii Authority (NELHA) the authority to:

- (1) Directly communicate with the Governor and the Legislature;
- (2) Make decisions regarding employment, appointment, promotion, transfer, demotion, discharge, and job descriptions of all officers and employees without the approval of the Director of Business, Economic Development, and Tourism (DBEDT); and
- (3) Purchase supplies, equipment, and furniture without the approval of DBEDT.

Your Committee has amended this measure by:

- (1) Clarifying that NELHA's authority to:
 - (A) Communicate directly with the Governor and the Legislature; and
 - (B) Make employment related decisions and supply, equipment, and furniture purchases without DBEDT approval, shall not apply to NELHA's powers or actions related to the Center of Excellence for Research in Ocean Sciences;
- (2) Increasing from eleven to thirteen, the number of members on the Board of NELHA (Board);
- (3) Increasing from three to five, the number of voting Board members appointed by the Governor, and requiring two of them to be selected from tenants of NELHA and three of them to be from the general public;
- (4) Recusing the tenant members of the Board from voting on lease rent or water rate issues, to avoid conflicts of interest;
- (5) Requiring a super majority vote of seven members to make decisions on lease rent or water rate issues; and
- (6) Making technical, nonsubstantive amendments for the purpose of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1793, 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. 1793, S.D. 1, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Menor, Fukunaga and Slom, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, none. Representatives Yamashita, Morita, Lee, Wakai and Ching, Managers on the part of the House. Ayes, 4. Noes, none. Excused, 1 (Ching).

Conf. Com. Rep. No. 51-08 on H.B. No. 2511

The purpose of this bill is to assist lower-income individuals seeking rental housing by allowing an individual who qualifies for a rent supplement up to 180 days to find a rental unit after the individual's application for the rent supplement is approved.

Your Committee on Conference has amended this bill by:

- (1) Reducing the time to find a rental unit from 180 to 90 days; and
- (2) Changing the effective date to upon its approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2511, 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. 2511, H.D. 1, S.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Chun Oakland, Baker and Hemmings, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, none. Representatives Shimabukuro, Rhoads, Awana and Ward, Managers on the part of the House. Ayes, 3. Noes, none. Excused, 1 (Ward).

Conf. Com. Rep. No. 52-08 on H.B. No. 3331

The purpose of this bill is to clarify dispute resolution procedures relating to the interpretation or enforcement of a condominium association's declaration, bylaws, house rules, or certain other matters. Among other things, this bill:

- (1) Clarifies the types of disputes that are subject to mediation;
- (2) Establishes notification requirements for mediations;
- (3) Allows the parties to a failed mediation to pursue arbitration no sooner than 30 days from the termination of mediation; and
- (4) Sets forth the procedures by which failed mediations may proceed to administrative hearings.

Your Committee on Conference finds that this bill enhances the condominium dispute resolution process intended to provide a quicker, less-expensive means of resolving condominium disputes. However, concerns were raised regarding:

- (1) The provision deeming a party to have participated in mediation upon receipt of written notice of the proceedings from the mediator, regardless of whether the party actually attends the mediation. There were concerns that this provision would lead to confusion because "participation" in the mediation context generally means attendance at a mediation session; and

- (2) The requirement that the mediator notify the Real Estate Commission in writing of the reasons that mediation was not completed. This requirement would erode the privacy of mediation communications, which is an essential component of these proceedings.

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

- (1) Deleting the aforementioned provisions relating to a party's participation in mediation through the receipt of written notice, and the privacy of mediation communications;
- (2) Changing the effective date to July 1, 2008; and
- (3) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 3331, 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. 3331, H.D. 2, S.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Kokubun, Taniguchi, Espero and Trimble, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Trimble). Representatives Herkes, B. Oshiro, McKelvey and Marumoto, Managers on the part of the House. Ayes, 4. Noes, none. Excused, none.

Conf. Com. Rep. No. 53-08 on H.B. No. 2810

The purpose of this bill is to ensure that farmers operating in remote areas of the state are provided with affordable access to water by:

- (1) Requiring a public utility, upon receipt of a bona fide request for preferential rates for potable water used for agricultural activities and proof that the customer engages in agricultural activities, to provide preferential rates for potable water to be used only for agricultural activities; and
- (2) Allowing the preferential rates to be subsidized by the water rates charged to other customers of the public utility.

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

- (1) Specifying that the public utility provide proposed preferential rates for potable water to be used only for qualified agricultural activities to the Public Utilities Commission (PUC) for approval;
- (2) Requiring preferential rates approved by the PUC to be subsidized by the potable water rates charged to other customers of the public utility if required as determined by the PUC;
- (3) Allowing the PUC, in consultation with the Department of Agriculture, to establish additional criteria for qualification of bona fide agribusinesses for water used solely for agricultural activities;
- (4) Requiring the PUC to allow the recovery of any reasonable unamortized costs incurred by the public utility in its previous rate case, provided that upon full amortization of the costs, rates shall be adjusted accordingly; and
- (5) Making it effective upon its approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2810, 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. 2810, H.D. 1, S.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Tokuda, Hee, Kokubun and Slom, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Kokubun). Representatives Tsuji, Ito, Herkes and Marumoto, Managers on the part of the House. Ayes, 4. Noes, none. Excused, none.

Conf. Com. Rep. No. 54-08 on H.B. No. 2450

The purpose of this bill is to protect farming operations from urban encroachment by requiring:

- (1) The Land Use Commission to inform applicants requesting reclassification, to urban or rural districts, of land contiguous to an existing agricultural land district of the presence of the existing, contiguous agricultural district; and
- (2) The applicant, as a condition of land reclassification, to:
 - (A) Permit the continued operation of any existing farming operation on the contiguous agricultural district; and
 - (B) Comply with the provisions of the Hawaii Right to Farm Act.

Upon further consideration, your Committee has amended this measure by deleting its contents and inserting provisions that require that any decision approving a petition for a boundary amendment where lands in the petition area are contiguous or adjacent to lands in the agricultural district to contain the following conditions for approval:

- (1) A prohibition on actions that would interfere with or restrain farming operations, provided that the farming operations are consistent with generally accepted agricultural and management practices; and
- (2) Notification to certain entities that farming operations and practices are protected under the Hawaii Right To Farm Act, and requiring that the notice shall be included in any disclosure required for the sale or transfer of real property or any interest in real property and provided to lessees or tenants of the land.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2450, 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. 2450, H.D. 1, S.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Tokuda, Fukunaga, Taniguchi, Kokubun and Slom, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 2 (Fukunaga, Slom). Representatives Tsuji, Ito, Waters, Karamatsu and Ching, Managers on the part of the House. Ayes, 4. Noes, none. Excused, 1 (Waters).

Conf. Com. Rep. 55-08 (Majority) on H.B. No. 2346

The purpose of this bill is to expand the offenses of endangering the welfare of a minor in the first and second degree to include causing or permitting a minor to inject, ingest, inhale, etc., any controlled substance listed in schedules I through IV not prescribed by a physician and excluding the medical use of marijuana.

Your Committee on Conference has amended this bill by:

- (1) Exempting from the second degree offense nursing mothers who may cause the ingestion or introduction of detectable amounts of any controlled substance listed in schedules I through IV to their minor children through breastfeeding; and
- (2) Changing the effective date to July 1, 2008.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2346, 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. 2346, H.D. 2, S.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Chun Oakland, Taniguchi and Hemmings, Managers on the part of the Senate. Ayes, 2. Noes, 1 (Hemmings). Excused, none. Representatives Shimabukuro, Waters, Rhoads and Thielen, Managers on the part of the House. Ayes, 4. Noes, none. Excused, none.

Conf. Com. Rep. No. 56-08 on H.B. No. 3126

The purpose of this bill is to assist farming activities on Hawaiian Home Lands by increasing the loan ceiling for the development of farm, ranch, and aquaculture operations on Hawaiian Home Lands from \$50,000 to \$200,000.

Your Committee on Conference has amended this bill by reinserting the language in H.B. No. 3126. Specifically, this bill has been amended by:

- (1) Changing the effective date by:
 - (A) Removing the requirement that Congress consent to the Act for it to take effect; and
 - (B) Providing that the amendments made to section 215, Hawaiian Homes Commission Act, 1920, as amended, by this Act, not be repealed when Act 107, Session Laws of Hawaii 2000, takes effect with the consent of Congress;

and

- (2) Making technical, nonsubstantive amendments for style, clarity, and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 3126, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3126, S.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Tokuda, Tsutsui, Gabbard and Slom, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Slom). Representatives Ito, Tsuji, Karamatsu and Meyer, Managers on the part of the House. Ayes, 4. Ayes with Reservations, 1 (Meyer). Noes, none. Excused, none.

Conf. Com. Rep. No. 57-08 on H.B. No. 931

The purpose of this bill is to promote the use of specially-designed three-wheeled mopeds while maintaining highway safety by:

- (1) Exempting three-wheeled mopeds designed to carry a driver and passenger seated side-by-side from certain prohibitions on the operation of mopeds;
- (2) Requiring three-wheeled mopeds to carry liability and property damage insurance; and
- (3) Restricting three-wheeled mopeds to roadways with speed limits of 35 mph or less.

Your Committee on Conference has amended this bill by:

- (1) Changing its effective date to July 1, 2008; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 931, 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. 931, H.D. 1, S.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators English, Tsutsui, Gabbard and Whalen, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Whalen). Representatives Souki, Waters and Ching, Managers on the part of the House. Ayes, 3. Noes, none. Excused, none.

Conf. Com. Rep. No. 58-08 on H.B. No. 2847

The purpose of this bill is to increase the circumstances in which persons who are subjected to administrative revocation of their driver's license may be granted a conditional license permit, to include driving:

- (1) To attend school or vocational training;
- (2) For personal medical or dental care or treatment; or
- (3) To assist in the care of another person who is unable to drive due to the other person's age, disability, or medical condition.

This bill also clarifies when a conditional license permit is permissible for certain commercial drivers.

Currently, individuals who have their license revoked may apply for a conditional license permit after a minimum of thirty days to be allowed to drive for the remainder of the revocation period. To receive such a permit, certain conditions need to be met. Your Committee on Conference finds that the additional conditions authorized by this measure are fair and reasonable.

Your Committee on Conference notes that during previous testimony on this measure, the Judiciary had stated that sufficient lead time was necessary to implement documentary or procedural changes and requested that this bill be enacted no earlier than January 1, 2009. Accordingly, your Committee on Conference has amended this bill by changing its effective date to July 1, 2009.

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2847, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2847, S.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators English, Gabbard and Whalen, Managers on the part of the Senate. Ayes, 2. Noes, none. Excused, 1 (Whalen). Representatives Souki, Waters, Nishimoto and Meyer, Managers on the part of the House. Ayes, 3. Noes, none. Excused, 1 (Meyer).

Conf. Com. Rep. No. 59-08 on H.B. No. 2953

The purpose of this bill is to simplify documentation requirements for vehicles using an inter-island ferry service by providing certain vehicle identification requirement exemptions when traveling on an inter-island ferry.

Currently, shipping motor vehicles between islands requires the shipper to present identification, a current certification of registration and proof of insurance for the vehicle being shipped, and a notarized letter from the registered owner or legal owner of the motor vehicle being shipped if the shipper is not the legal or registered owner of the vehicle. However, individuals using the services of an inter-island ferry are often not the registered or legal owner of the vehicle.

Your Committee on Conference finds that the requirements for the inter-island shipping of motor vehicles were put in place long before a car-carrying, inter-island ferry service was ever envisioned for Hawaii and was meant to primarily serve as a deterrent to the shipping of stolen vehicles. However, procedures that include identifying a vehicle through its vehicle identification number, make, model, year, and color, along with identification requirements for the driver and all passengers in the vehicle, serve as a sufficient deterrent for the shipment of stolen vehicles on the current inter-island ferry service.

Your Committee on Conference has amended this bill by changing its effective date to upon its approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2953, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2953, S.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators English, Taniguchi and Trimble, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, none. Representatives Souki, Waters, Nishimoto and Pine, Managers on the part of the House. Ayes, 3. Noes, none. Excused, 1 (Pine).

Conf. Com. Rep. No. 60-08 on H.B. No. 3249

The purpose of this bill is to enhance bicycle safety by:

- (1) Prohibiting the parking of motor vehicles on bicycle lanes or bicycle paths; and
- (2) Establishing a fine of up to \$500 per violation.

Bicycling is an alternative mode of transportation that not only helps relieve traffic congestion, but also helps maintain a healthy society. Unfortunately, bicycling in Hawaii is often referred to by bicyclists as "dangerous." Providing bikeways that are clear of parked vehicles protects the safety of bicyclists and encourages individuals to continue, or possibly begin, this healthy activity.

Your Committee on Conference has amended this measure by changing its effective date to make the Act effective upon its approval. Technical, nonsubstantive amendments were also made for clarity, consistency and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 3249, 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. 3249, H.D. 1, S.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators English, Taniguchi and Trimble, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, none. Representatives Souki, Waters, Nishimoto and Pine, Managers on the part of the House. Ayes, 3. Noes, none. Excused, 1 (Pine).

Conf. Com. Rep. No. 61-08 on H.B. No. 1356

The purpose of this bill is to expand post-secondary educational opportunities for former foster youth by:

- (1) Amending the definition of “former foster youth”;
- (2) Increasing to 21 years of age the time allowed for a former foster youth to submit an application for a higher education board allowance;
- (3) Providing former foster youth who are between the ages of 22 and 26 on July 1, 2007, and who are already attending an institution of higher education, the opportunity to apply for a higher education board allowance within a year;
- (4) Increasing from 21 to 26 years of age the maximum age for the benefit;
- (5) Providing that the maximum benefit length is 60 months; and
- (6) Appropriating an unspecified amount of funds to provide the higher education board allowances.

Your Committee on Conference has amended this bill by:

- (1) Updating the dates by which a former foster youth already attending an institution of higher education may apply for a higher education board allowance;
- (2) Removing the appropriation section and inserting a provision that higher education board allowances be provided subject to the availability of state and federal funds;
- (3) Changing the effective date to July 1, 2008; and
- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1356, 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. 1356, H.D. 2, S.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Chun Oakland, Tsutsui, Sakamoto and Whalen, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Whalen). Representatives Shimabukuro, Rhoads, Hanohano and Ward, Managers on the part of the House. Ayes, 4. Noes, none. Excused, none.

Conf. Com. Rep. No. 62-08 on H.B. No. 2661

The purpose of this bill is to encourage the development of renewable energy resources by authorizing the issuance of special purpose revenue bonds in an amount not to exceed \$38,000,000 to assist Hui Mana 'Oma'o in establishing facilities to convert potential renewable energy resources into electrical energy for consumption by the general public.

Your Committee on Conference has amended this bill by changing the effective date to July 1, 2008.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2661, 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. 2661, H.D. 2, S.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Menor, Tsutsui and Hemmings, Managers on the part of the Senate. Ayes, 2. Noes, none. Excused, 1 (Hemmings). Representatives Morita, Carroll and Pine, Managers on the part of the House. Ayes, 3. Noes, none. Excused, none.

Conf. Com. Rep. No. 63-08 on H.B. No. 523

The purpose of this bill is to support foster children by:

- (1) Requiring the Department of Human Services (DHS) to ensure that the provision of care to foster children is within certain guiding principles; and
- (2) Authorizing the Family Court to issue orders to the Department of Education, DHS, or the Department of Health to ensure adherence to these guiding principles.

Your Committee on Conference has amended this bill by:

- (1) Clarifying that the Family Court may issue necessary orders upon any appropriate motion and not just upon the motion of a guardian ad litem; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 523, 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. 523, H.D. 2, S.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Chun Oakland, Taniguchi and Hemmings, Managers on the part of the Senate. Ayes, 2. Noes, none. Excused, 1 (Hemmings). Representatives Shimabukuro, B. Oshiro, Mizuno, Rhoads and Ching, Managers on the part of the House. Ayes, 4. Noes, none. Excused, 1 (Ching).

Conf. Com. Rep. No. 64-08 on H.B. No. 2139

The purpose of this bill is to revise and update the process for organ donations for transplantation.

Specifically, this measure:

- (1) Directs the process for making anatomical gifts of a deceased person's body or body parts for transplantation, therapy, research, or education;
- (2) Stipulates the manner by which such gifts can be made;
- (3) Establishes a priority list of persons who are reasonably available, who may make an anatomical gift of a deceased person's body or body part;
- (4) Limits the liability of persons who act in good faith in making the decision that a deceased person meant to make an anatomical gift; and
- (5) Prohibits falsification of records or fraudulent actions by a person trying to make a profit from anatomical gifts.

Your Committee on Conference has amended this bill by:

- (1) Deleting provisions that would authorize an attending physician to resolve a conflict between an advance health-care directive and the measures necessary to maintain the suitability of a part for transplantation or therapy;
- (2) Changing the effective date to July 1, 2008; and
- (3) Making technical, nonsubstantive changes for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2139, 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. 2139, H.D. 2, S.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Ige, Taniguchi and Whalen, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, none. Representatives Green, B. Oshiro, Mizuno and Marumoto, Managers on the part of the House. Ayes, 4. Noes, none. Excused, none.

Conf. Com. Rep. No. 65-08 on H.B. No. 2255

The purpose of this bill is to update Hawaii's life insurance laws by implementing provisions adopted by the National Association of Insurance Commissioners (NAIC) relating to employee group life insurance policies, group life insurance coverage for spouses and dependents of insured persons, and the replacement of life insurance policies and annuities. Specifically, this bill:

- (1) Allows premiums for employee group life insurance policies to be paid entirely by the employer, entirely by the insured employees, or by a combination of both employer and employee contributions;
- (2) Eliminates:
 - (A) The requirement that a group life insurance policy funded partially by the insured employees have a participation of at least 75 percent of the eligible employees;
 - (B) The requirement that employee group life insurance policies cover at least ten employees at the time of issue;
 - (C) The provision precluding individual selection by employees of amounts of insurance under an employee group insurance policy; and
 - (D) Restrictions, based on the status of dependents, on the ability of insured employees to have their dependents covered under a group life insurance policy in amounts equivalent to the amount of coverage for the employee;

and

- (3) Excludes the exercise of a term conversion privilege among corporate affiliates from the laws governing the replacement of life insurance policies and annuities.

This bill conforms Hawaii law to model acts and regulations of the NAIC and removes certain outdated restrictions on the purchase of group life insurance policies, which may provide consumers with more options to obtain life insurance. Your Committee on Conference finds that the adoption of these provisions promotes uniformity of state insurance laws and will help ease regulatory compliance for insurers doing business across various states.

Your Committee on Conference has amended this bill by:

- (1) Changing the effective date to upon its approval; and
- (2) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2255, 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. 2255, H.D. 2, S.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Kokubun, Taniguchi, Ige and Trimble, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Ige). Representatives Herkes, Sonson, Takamine and Marumoto, Managers on the part of the House. Ayes, 3. Noes, none. Excused, 1 (Takamine).

Conf. Com. Rep. No. 66-08 on H.B. No. 2492

The purpose of this bill is to ensure sufficient disclosures in real estate transactions by:

- (1) Requiring sellers of residential real property to disclose all restrictions or conditions on use relating to the property and contained in a recorded document, including any unrecorded rules or guidelines issued by any entity responsible for enforcing the restrictions or conditions;
- (2) Specifying the types of planned communities for which seller disclosure statements must include the planned community declaration and association documents; and
- (3) Requiring the minutes of board of directors' meetings for a planned community association to include the recorded vote of each board member present on all motions except motions voted upon in executive session.

Your Committee on Conference has amended this bill by changing its effective date to November 1, 2008, to allow community associations time to implement the provisions of this measure.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2492, 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. 2492, H.D. 1, S.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Kokubun, Espero and Trimble, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, none. Representatives Shimabukuro, Herkes, Cabanilla, McKelvey and Ching, Managers on the part of the House. Ayes, 4. Noes, none. Excused, 1 (Ching).

Conf. Com. Rep. No. 67-08 on H.B. No. 2245

The purpose of this bill is to provide the University of Hawaii (UH) with the flexibility to generate additional revenue through alternative means to benefit the whole university by authorizing the transfer of all UH funds, with the exception of general funds and UH Tuition and Fees Special Fund (Special Fund) moneys, into the UH Commercial Enterprises Revolving Fund (Revolving Fund) to finance the establishment of new commercial enterprises. This bill also provides that no more than ten percent of Special Fund moneys may be loaned to the Revolving Fund for the same purpose.

Your Committee on Conference has amended this bill by:

- (1) Inserting a sunset date of June 30, 2011; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2245, 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. 2245, H.D. 1, S.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Sakamoto, Baker and Slom, Managers on the part of the Senate. Ayes, 2. Noes, none. Excused, 1 (Slom). Representatives Chang, M. Oshiro and Ching, Managers on the part of the House. Ayes, 2. Noes, none. Excused, 1 (Ching).

Conf. Com. Rep. No. 68-08 on H.B. No. 1365

The purpose of this bill is to clarify that the Board of Trustees of the State Deferred Compensation Plan (Deferred Compensation Plan) and State Deferred Compensation Retirement Plan for Part-Time, Temporary, and Seasonal or Casual Employees (Deferred Compensation Retirement Plan) may select and offer to participants investment products that are commonly offered in the securities industry or other deferred compensation plans that are determined to be reasonable and prudent investment products.

The securities industry is dynamic and constantly offering new types of investment products to the public. Allowing the Board of Trustees to select and offer investment products that are prudent and reasonable investments and that keep pace with current practices in the securities industry will enable the board to adapt quickly to an ever-changing economic environment.

Your Committee on Conference has amended this bill by:

- (1) Clarifying that only employees participating in the Deferred Compensation Plan or Deferred Compensation Retirement Plan shall invest their deferred compensation in the investment products permitted under the respective plan; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1365, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1365, S.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Taniguchi, Baker and Slom, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, none. Representatives Sonson, M. Oshiro, Har and Meyer, Managers on the part of the House. Ayes, 3. Noes, none. Excused, 1 (Meyer).

Conf. Com. Rep. No. 69-08 on H.B. No. 660

The purpose of this bill is to expand the jurisdiction of the circuit courts to include impeachment proceedings against county officers.

Your Committee on Conference has amended this bill by:

- (1) Changing the effective date to upon its approval; and
- (2) Making technical, nonsubstantive amendments for consistency and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 660, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 660, S.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Inouye, Taniguchi and Hemmings, Managers on the part of the Senate. Ayes, 2. Noes, none. Excused, 1 (Hemmings). Representatives Waters, B. Oshiro and Marumoto, Managers on the part of the House. Ayes, 3. Noes, none. Excused, none.

Conf. Com. Rep. No. 70-08 on H.B. No. 2697

The purpose of this bill is to statutorily authorize:

- (1) The Intermediate Appellate Court (Court) to subpoena and compel the attendance of witnesses and to compel the production of books, papers, documents, or tangible things; and
- (2) Any judge of the Court to administer oaths.

Your Committee on Conference has amended this bill by:

- (1) Requiring the Judiciary to submit a report to the Legislature prior to the convening of the Regular Session of 2010 regarding the use of this subpoena power; and
- (2) Repealing the provisions of this bill on June 30, 2010.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2697, 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. 2697, H.D. 1, S.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Taniguchi, Gabbard and Slom, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, none. Representatives Waters, McKelvey and Thielen, Managers on the part of the House. Ayes, 2. Noes, none. Excused, 1 (Thielen).

Conf. Com. Rep. No. 71-08 on H.B. No. 2730

The purpose of this bill is to establish legal requirements for neighborhood board meetings. Specifically, this bill provides requirements relating to:

- (1) The agenda and public notice of meetings;
- (2) Receiving information or testimony at a meeting without a quorum;
- (3) Participation or attendance of board members at informational meetings or presentations, and discussions; and
- (4) Discussion of unanticipated events at meetings.

Your Committee on Conference has amended this bill by:

- (1) Requiring a quorum to hold discussions prior to and related to voting; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2730, 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. 2730, H.D. 1, S.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Inouye, Taniguchi and Hemmings, Managers on the part of the Senate. Ayes, 2. Noes, none. Excused, 1 (Hemmings). Representatives B. Oshiro, Yamane and Thielen, Managers on the part of the House. Ayes, 2. Noes, none. Excused, 1 (Thielen).

Conf. Com. Rep. No. 72-08 on H.B. No. 2253

The purpose of this bill is to clarify, update, and make corrections to Hawaii's liquor law to reflect current practices and procedures relating to licensing, hearings, and other regulation of the liquor industry.

The amendments in this bill were the result of a comprehensive review of Chapter 281, Hawaii Revised Statutes, held at the Annual State Liquor Conference in October 2007, and conducted by the four county liquor departments and their liquor commissions and adjudication boards, members of the Hawaii Hotel Association and Hawaii Retail Liquor Dealers Association, and representatives of liquor wholesale dealers.

Your Committee on Conference has amended this bill by removing:

- (1) Section 9, which made amendments to section 281-41, Hawaii Revised Statutes, relating to license transfers;
- (2) Section 19, which prohibited the sale of intoxicating liquor in any form other than for consumption as a beverage; and
- (3) Section 20, which allowed the imposition of both a fine and a license suspension on licensees and increased the maximum fine to \$5,000.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2253, 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. 2253, H.D. 2, S.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Taniguchi, Kokubun and Slom, Managers on the part of the Senate. Ayes, 2. Noes, none. Excused, 1 (Slom). Representatives Yamashita, Herkes, Waters and Marumoto, Managers on the part of the House. Ayes, 3. Noes, none. Excused, 1 (Marumoto).

Conf. Com. Rep. No. 73-08 on H.B. No. 2550

The purpose of this bill is to encourage customers to invest in renewable energy systems through net-energy metering programs by requiring the Public Utilities Commission (PUC) to ensure that a percentage of the total rated generated capacity produced by eligible customer-generators be reserved for electricity produced by eligible residential or small commercial customer-generators.

This bill also authorizes the PUC to:

- (1) Define the maximum capacity for eligible residential or small commercial customer-generators; and
- (2) Evaluate, on an island-by-island basis, the applicability of generating capacity requirements and, in its discretion, exempt an island or a utility grid system from the generating capacity requirements.

Your Committee on Conference has amended this bill by:

- (1) Changing the effective date to upon approval; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2550, 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. 2550, H.D. 2, S.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Menor, Kokubun, Hooser, Taniguchi and Trimble, Managers on the part of the Senate. Ayes, 4. Noes, none. Excused, 1 (Taniguchi). Representatives Morita, Herkes and Thielen, Managers on the part of the House. Ayes, 3. Noes, none. Excused, none.

Conf. Com. Rep. No. 74-08 on H.B. No. 2557

The purpose of this bill is to establish a limited privilege against the compelled disclosure of sources and unpublished information to a legislative, executive, or judicial officer or body, or to any other person with the power to compel testimony for persons involved in news gathering and reporting.

Your Committee on Conference has amended this measure by:

- (1) Specifically adding a protection against compelled disclosure for a person who has observed the alleged commission of a crime if the crime itself is the act of communicating or providing the information or documents at issue, and also if the interest in maintaining the privilege granted by this measure outweighs the public interest in disclosure;
- (2) Clarifying that the exception to the privilege in the case of a source or information related to a felony requires substantial evidence that the source or information sought is material to the investigation, prosecution, or defense thereof;
- (3) Adding that a source or information material to a civil action for defamation may also constitute an exception to the privilege, subject to the same three-part test of necessity regarding disclosure in the case of felonies;
- (4) Adding that the consent of a source to the disclosure of unpublished documents or other tangible materials provided by such person as an exception to the privilege;
- (5) Clarifying that an exception to the privilege applies in the case of information that is critical to prevent serious harm to life or public safety;
- (6) Changing the effective date to upon its approval and including a repeal date of June 30, 2011; and
- (7) Making technical, non-substantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2557, 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. 2557, H.D. 1, S.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Taniguchi, Gabbard and Slom, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, none. Representatives B. Oshiro, Luke and Marumoto, Managers on the part of the House. Ayes, 3. Noes, none. Excused, none.

Conf. Com. Rep. No. 75-08 on H.B. No. 1832

The purpose of this bill is to balance the need to preserve the scenic beauty of our islands with the freedom of expression by placing reasonable restrictions on signs on certain types of property. Specifically, this bill requires signs, billboards, and other outdoor advertising devices on residential properties to:

- (1) Be under four feet by two feet, up to a cumulative area of sixteen square feet;
- (2) Be under eight feet by four feet, up to a cumulative area of sixty-four square feet in common areas of multi-unit residential structures, provided that the rules of the association of apartment owners permits the displaying of signs; and
- (3) Not be displayed in return for any payment, fee, or valuable consideration, provided that the benefit derived from the effect of the advertising is not considered valuable consideration.

Your Committee on Conference has amended this bill by:

- (1) Deleting the preamble language;
- (2) Clarifying that the limitations in this bill apply to all signs and outdoor advertising devices, not just signs, billboards, and outdoor advertising devices subject to section 445-112, Hawaii Revised Statutes (HRS);
- (3) Clarifying the "residential property units" to which this bill apply, by referring to dwelling units as defined in Section 521-8, HRS;
- (4) Replacing limitations specific to multi-unit residential structures with general language providing that this bill does not permit signs or outdoor advertising devices otherwise prohibited in the house rules or bylaws of an apartment building or condominium, or lawful provision in a contract;
- (5) Clarifying that the new statutory section in this bill does not prohibit the display of outdoor advertising devices indicating that the building or premises on which it is displayed is the residence of any individual as allowed by Section 445-112(3), HRS;
- (6) Changing the effective date to January 1, 2009; and
- (7) Making technical, nonsubstantive amendments for style, clarity, and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1832, 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. 1832, H.D. 1, S.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Taniguchi, Nishihara and Slom, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, none. Representatives Ito, B. Oshiro, Luke and Thielen, Managers on the part of the House. Ayes, 4. Noes, none. Excused, none.

Conf. Com. Rep. No. 76-08 on H.B. No. 2486

The purpose of this bill is to ensure the preservation of our cultural heritage by requiring the submission of archival quality black and white photographs of historic buildings that are eligible for listing or are listed on the Hawaii or national register of historic places prior to:

- (1) The issuance of permits by county agencies to demolish, construct, or otherwise alter the building; or
- (2) The demolition, construction, or other alteration of state or privately owned buildings.

Your Committee on Conference has amended this bill by imposing the photographic requirement on privately owned buildings that are more than 50 years old, rather than those that are eligible for listing or are listed on the Hawaii or national register of historic places.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2486, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2486, S.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Espero, Fukunaga and Slom, Managers on the part of the Senate. Ayes, 2. Noes, none. Excused, 1 (Fukunaga). Representatives Ito, Karamatsu and Ching, Managers on the part of the House. Ayes, 3. Noes, none. Excused, none.

Conf. Com. Rep. No. 77-08 on H.B. No. 2920

The purpose of this bill is to deter fraud by strengthening the laws relating to notaries and notarized documents. Specifically, this bill:

- (1) Enumerates the powers and duties of the Attorney General (AG) with regard to notaries;
- (2) Establishes criminal offenses for:
 - (A) A notary failing to verify the identity and signature of the signer of a notarized document;
 - (B) A notary failing to authenticate a document with a certification statement;
 - (C) Misrepresenting a notarized document; and
 - (D) Unauthorized practice as a notary;
- (3) Authorizes the AG to prescribe measures as necessary to prevent the fraudulent use of notarized documents;
- (4) Specifies conduct that would subject a notary to administrative fines; and
- (5) Requires notaries to keep a record of the nature of the thing to which the notarized document relates.

Your Committee on Conference has amended this bill by:

- (1) Eliminating the mandatory, minimum fines for the new offenses relating to:
 - (A) A notary failing to verify the identity and signature of the signer of a notarized document;
 - (B) A notary failing to authenticate a document with a certification statement; and
 - (C) Unauthorized practice as a notary;

- (2) Eliminating from the list of conduct that would subject a notary to administrative fines, a notary's failure to:
 - (A) Notify the AG of changes in occupation, residence, or employment, within 30 days of the change;
 - (B) Display signage indicating the availability of notary services to the public;
 - (C) Offer notary services, by appointment or otherwise, during all normal business hours of operation where the notary is employed; and
 - (D) Timely renew a notary public commission by failing to submit a completed renewal application, pay the renewal fee, or complete the processing and filing of a commission for renewal by the date of expiration of the notary public's commission;
- (3) Changing the effective date to January 1, 2009; and
- (4) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2920, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2920, S.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Kokubun, Taniguchi, Espero and Trimble, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Trimble). Representatives Herkes, Waters, Tokioka and Marumoto, Managers on the part of the House. Ayes, 3. Noes, none. Excused, 1 (Marumoto).

Conf. Com. Rep. No. 78-08 on H.B. No. 1153

The purpose of this bill is to discourage the use of chemicals to illegally manufacture controlled substances by providing that:

- (1) All aircraft, vehicles, vessels, or other conveyances used or intended to be used to transport or facilitate the transport of precursor chemicals listed in section 329-61, Hawaii Revised Statutes (HRS), (listed precursor chemicals) that are used to illegally manufacture controlled substances;
- (2) All moneys, negotiable instruments, securities, and other things of value given or intended to be given to any person in exchange for listed precursor chemicals;
- (3) All proceeds traceable to such an exchange; and
- (4) All moneys, negotiable instruments, and securities used or intended to be used to facilitate the violation of section 329-65(c) or (d), HRS, exchanged in return for controlled substances,

are subject to seizure and forfeiture under chapter 712A, HRS.

Your Committee on Conference has amended this bill by:

- (1) Clarifying that only the moneys, negotiable instruments, securities, or other things of value furnished or intended to be furnished by any person in exchange for listed precursor chemicals that facilitate a violation of section 329-65(c) or (d), HRS, are subject to seizure and forfeiture under chapter 712A, HRS; and
- (2) Changing the effective date to July 1, 2008.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1153, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1153, S.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Taniguchi, Hee, Kokubun, Gabbard and Slom, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 2 (Hee, Kokubun). Representatives Waters, B. Oshiro and Marumoto, Managers on the part of the House. Ayes, 2. Noes, none. Excused, 1 (Marumoto).

Conf. Com. Rep. No. 79-08 on H.B. No. 2204

The purpose of this bill is to specify that the existing law on absolute liability for damages for the discharge of a firearm does not apply to the State or counties for the use of a State or county owned firearm that is used by a law enforcement officer outside of the officer's course and scope of employment as a law enforcement officer. This bill also clarifies that its provisions are not to be construed to relieve the State and counties from any other tort liability.

This measure clarifies existing law on absolute liability for damages for the discharge of a firearm, by excepting government entities from absolute liability in certain situations. This bill exempts government from strict liability in cases based solely upon ownership of the firearm. However, this exemption does not relieve government from any other tort liability, such as negligence in the hiring, training, or retention of police officers; the continued entrustment of a firearm to an officer who the department should know is unsuitable for firearm possession; and the improper storage of firearms or other bases of tort liability.

Your Committee on Conference has amended this bill by changing its effective date to upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2204, 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. 2204, H.D. 1, S.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Taniguchi, Kokubun and Whalen, Managers on the part of the Senate. Ayes, 2. Noes, none. Excused, 1 (Kokubun). Representatives Waters, McKelvey and Thielen, Managers on the part of the House. Ayes, 2. Noes, none. Excused, 1 (Thielen).

Conf. Com. Rep. No. 80-08 on H.B. No. 3002

The purpose of this bill is to establish a new offense of habitual solicitation of prostitution when the offense is committed by a person who is a habitual prostitution offender and pays, agrees to pay, or offers to pay a fee to another person to engage in sexual conduct.

Your Committee on Conference has amended this bill by changing the offense from a class C felony to a misdemeanor.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 3002, 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. 3002, H.D. 1, S.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Taniguchi, Gabbard and Slom, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, none. Representatives Waters, Luke, B. Oshiro, Rhoads and Thielen, Managers on the part of the House. Ayes, 4. Noes, none. Excused, 1 (Thielen).

Conf. Com. Rep. No. 81-08 on H.B. No. 3383

The purpose of this bill is to promote consistency in sentencing laws by requiring multiple terms of imprisonment, whether imposed at the same time or at different times, to run concurrently unless the court orders or the statute mandates that the terms run consecutively.

Your Committee on Conference has amended this bill by:

- (1) Making the provisions of the bill applicable to all terms of imprisonment imposed on or after the effective date of the bill; and
- (2) Changing its effective date to upon its approval; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 3383, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3383, S.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Taniguchi, Nishihara and Slom, Managers on the part of the Senate. Ayes, 2. Noes, none. Excused, 1 (Slom). Representatives Waters, B. Oshiro and Pine, Managers on the part of the House. Ayes, 3. Noes, none. Excused, none.

Conf. Com. Rep. No. 82-08 on H.B. No. 3040

The purpose of this bill is to protect Hawaii's youth from sexual predators by strengthening Hawaii's laws against sexual predation of minors. Specifically, this measure:

- (1) Establishes a new offense to address instances of electronic enticement of children where a predator attempts to lure or solicit a minor or arrange a meeting with a minor over the Internet with intent to commit a sex offense or crime against minors;
- (2) Establishes a new offense to address a specific form of grooming conduct by child predators involving masturbation or the lewd or lascivious exposure of the predator's genitals over the computer for view by a minor;
- (3) Amends the repeat offender sentencing law to include the offense of failure to comply with covered offender registration requirements and the new offense of indecent electronic display to a child;
- (4) Amends the offense of promoting child abuse in the second degree to address instances of possession of ten or more images of any form of child pornography and the content of at least one image contains particularly violent or egregious child pornography;
- (5) Clarifies the element of electronic enticement of a child in the first degree regarding the intent to promote or facilitate the commission of another crime; and
- (6) Provides greater protection for children by adding mandatory sentencing provisions for certain serious child abuse and electronic enticement offenses.

Your Committee on Conference has amended this bill by, among other things:

- (1) Deleting provisions establishing the offense of electronic enticement of a child in the third degree;
- (2) Reducing to a misdemeanor the offense of indecent electronic display to a child;
- (3) Deleting amendments to the offense of promoting child abuse in the second degree;
- (4) Deleting amendments to the offense of promoting child abuse in the third degree;
- (5) Deleting amendments to the offense of electronic enticement of a child in the second degree;
- (6) Making numerous revisions to chapter 846E, Hawaii Revised Statutes, relating to, among other things, the registration of sex offenders and other covered offenders and public access to registration information;

- (7) Establishing the Adam Walsh Act Compliance Working Group to help ensure Hawaii's compliance with the guidelines for sex offender registration adopted by the Department of Justice;
- (8) Changing its effective date to upon approval with part II taking effect on January 1, 2009; and
- (9) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 3040, 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. 3040, H.D. 1, S.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Taniguchi, Gabbard and Slom, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, none. Representatives B. Oshiro, Luke and Marumoto, Managers on the part of the House. Ayes, 3. Noes, none. Excused, none.

Conf. Com. Rep. No. 83-08 on H.B. No. 2977

The purpose of this bill is to address coqui frog infestation in Hawaii by specifying that the coqui frog eradication plan shall give priority to eradicating coqui frogs.

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

- (1) Deleting the provision specifying that the coqui frog eradication plan shall give priority to eradicating coqui frogs; and
- (2) Requiring appropriate state agencies to collaborate with the counties and communities to develop and implement a systematic approach to reduce and control coqui frog infestations on public lands that are near or adjacent to communities, and to provide annual reports on the progress made in achieving this objective.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2977, 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. 2977, H.D. 1, S.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Menor, Inouye and Hemmings, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, none. Representatives Tsuji, Hanohano, Brower and Ching, Managers on the part of the House. Ayes, 3. Noes, none. Excused, 1 (Ching).

Conf. Com. Rep. No. 84-08 on H.B. No. 3173

The purpose of this bill is to authorize the Department of Land and Natural Resources to remove a grounded vessel by conventional salvage methods if it cannot be removed by the owner of the vessel within 72 hours, to minimize damage to natural resources and not become a hazard to navigation.

Your Committee on Conference has amended this bill by:

- (1) Changing the effective date to upon its approval; and
- (2) Making technical, nonsubstantive amendments for style, clarity, and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 3173, 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. 3173, H.D. 1, S.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Hee, Taniguchi, Kokubun and Whalen, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Kokubun). Representatives Ito, Karamatsu, Magaoay and Meyer, Managers on the part of the House. Ayes, 3. Noes, none. Excused, 1 (Meyer).

Conf. Com. Rep. No. 85-08 on H.B. No. 3177

The purpose of this bill is to give the Department of Land and Natural Resources (DLNR) more resources to enforce violations within the conservation district by:

- (1) Increasing to \$20,000 the maximum fine and additional fines for wilful violations after notification of violation by DLNR; and
- (2) Authorizing the Board of Land and Natural Resources to assess fines based on damages to natural resources and any other factor deemed appropriate.

Your Committee on Conference has amended this bill by:

- (1) Changing the maximum fine and additional fine to \$15,000;
- (2) Changing the effective date to upon its approval; and
- (3) Making technical, nonsubstantive amendments for style, clarity, and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 3177, 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. 3177, H.D. 1, S.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Hee, Taniguchi, Kokubun and Whalen, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Whalen). Representatives Ito, Waters, Karamatsu and Thielen, Managers on the part of the House. Ayes, 4. Noes, none. Excused, none.

Conf. Com. Rep. No. 86-08 on H.B. No. 2062

The purpose of this bill is to promote independence and choice for individuals eligible for Medicaid by allowing Medicaid funds to be transferred from a nursing facility or long-term care-based facility to home- or community-based long-term care, support, or services.

Your Committee on Conference notes that the goal of this measure is to help Hawaii develop a "money follows the person" system that will allow individuals to have a variety of care options. Many individuals prefer to be cared for in a home-based environment rather than in a hospital or other institutional setting, but Medicaid does not cover some aspects of home care. For example, Medicaid pays for treatment but not the lodging costs associated with care homes. Your Committee on Conference hopes that changes will be made at the federal level to allow Medicaid to cover such costs.

Your Committee on Conference has amended this bill by:

- (1) Deleting provisions mandating the transfer of Medicaid funds by the Department of Human Services (DHS);
- (2) Requiring DHS to apply to the federal Centers for Medicare and Medicaid Services to allow persons who are eligible to receive Medicaid funds for nursing-home care to remain at home to receive home- and community-based long-term care; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2062, 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. 2062, H.D. 1, S.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Chun Oakland, Baker, Ihara and Hemmings, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Ihara). Representatives Shimabukuro, Green, M. Oshiro, Mizuno and Ward, Managers on the part of the House. Ayes, 3. Noes, none. Excused, 2 (M. Oshiro, Ward).

Conf. Com. Rep. No. 87-08 on H.B. No. 2761

The purpose of this bill is to improve the health and welfare of women between pregnancies by requiring the provision of not less than six months of post-partum and interconception care for female participants of child-bearing age under the QUEST program.

Your Committee on Conference has amended this bill by:

- (1) Removing the provisions mandating post-partum and interconception care under the QUEST program and its associated appropriation;
- (2) Requiring the Department of Human Services to apply to the federal Centers for Medicare and Medicaid Services to amend the state medicaid plan to extend post-partum and interconception care from eight weeks to a minimum of six months for women under the QUEST program;
- (3) Changing the effective date of the entire bill to upon approval; and
- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2761, 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. 2761, H.D. 1, S.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Chun Oakland, Baker and Hemmings, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, none. Representatives Shimabukuro, Green, Lee, Rhoads and Ward, Managers on the part of the House. Ayes, 4. Noes, none. Excused, 1 (Ward).

Conf. Com. Rep. No. 88-08 on H.B. No. 2772

The purpose of this bill is to continue efforts to address human trafficking by:

- (1) Modifying the membership of the Hawaii Anti-trafficking Task Force (Task Force);
- (2) Extending the Task Force from June 30, 2008, to June 30, 2010; and
- (3) Appropriating an unspecified amount of funds for Task Force expenses.

Your Committee on Conference has amended this bill by:

- (1) Removing the appropriation and specifying that task force expenses be subject to the availability of funds;
- (2) Changing the effective date of the entire bill to June 29, 2008; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2772, H.D. 3, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2772, H.D. 3, S.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Taniguchi, Baker, Chun Oakland and Slom, Managers on the part of the Senate. Ayes, 4. Noes, none. Excused, none. Representatives Shimabukuro, B. Oshiro, Lee, Belatti and Pine, Managers on the part of the House. Ayes, 4. Noes, none. Excused, 1 (Belatti).

Conf. Com. Rep. No. 89-08 on H.B. No. 2520

The purpose of this bill is to support family caregivers by establishing a working group to explore various funding mechanisms that could potentially support family caregivers.

Your Committee on Conference has amended this bill by:

- (1) Focusing the mission of the working group on exploring ways to provide wage replacement benefits to a caregiver needing to take time off from work to care for a family member with a serious health condition;
- (2) Directing the working group to review and analyze various sources of data, including previous findings of the Joint Legislative Committee on Family Caregiving, caregiver needs assessment, the contents of H.B. No. 2520, H.D. 3, and approaches taken by other states;
- (3) Directing the working group to consider drafting enabling legislation for the Regular Session of 2009 regarding wage replacement programs;
- (4) Directing the working group to inventory the eldercare policies and practices that currently exist in the workplace and the extent to which they exist;
- (5) Adding members to the working group from the Hawaii Teamsters and Allied Workers, Hawaii Family Caregiver Coalition, Kokua Council, and International Brotherhood of Electrical Workers; and
- (6) Making technical, nonsubstantive changes for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2520, 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. 2520, H.D. 3, S.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Chun Oakland, Taniguchi, Baker, Ihara and Hemmings, Managers on the part of the Senate. Ayes, 4. Noes, none. Excused, 1 (Baker). Representatives Green, Shimabukuro, Sonson, Herkes, Lee and Ward, Managers on the part of the House. Ayes, 4. Noes, none. Excused, 2 (Sonson, Ward).

Conf. Com. Rep. No. 90-08 on H.B. No. 2366

The purpose of this bill is to help save the lives of individuals in need of organ transplants by establishing a statewide organ donor registry (registry).

Your Committee on Conference has amended this bill by, among other things:

- (1) Mandating the Director of Health to contract for the establishment of a registry;
- (2) Specifically prohibiting the expenditure of state funds to finance the establishment of a registry;
- (3) Deleting provisions to appropriate state funds for the establishment of a registry;
- (4) Requiring the Director of Health to apply for a federal grant from the United States Department of Health and Human Services' Health Resources and Services Administration to fund improvements to a registry; and
- (5) Making technical, nonsubstantive changes for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2366, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2366, S.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Ige, Baker, Fukunaga and Whalen, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Fukunaga). Representatives Green, Mizuno, Belatti and Ward, Managers on the part of the House. Ayes, 3. Noes, none. Excused, 1 (Belatti).

Conf. Com. Rep. No. 91-08 on H.B. No. 2372

The purpose of this bill is to streamline the regulation of time share plans by exempting:

- (1) From the time share law, the offer or sale, in Hawaii, of an additional interest in a time share plan to an existing purchaser in the same time share plan, provided that certain conditions are met; and
- (2) From certain provisions of the time share law, the offer or sale by a developer, in Hawaii, of a time share interest in a time share plan located outside of Hawaii, but within the United States, to an individual who currently owns a time share interest that was purchased from the developer, or the developer's affiliates, provided that certain conditions are met.

Upon further consideration, your Committee on Conference has amended this measure by, among other things:

- (1) Allowing, in lieu of explicit exemptions, the Director of Commerce and Consumer Affairs (Director) to issue a limited permit:
 - (A) Permitting the offer or sale by a developer, in Hawaii, of an additional interest in a time share plan to an existing purchaser in the same time share plan, provided that certain conditions are met; or
 - (B) Permitting the offer or sale by a developer, in Hawaii, of a time share interest in a time share plan located outside of Hawaii, but within the United States, to an individual who currently owns a time share interest that was purchased from that developer, or that developer's affiliate, provided that certain conditions are met;
- (2) Expanding the disclosure statement required to be provided in a contract for purchase to include additional information;

- (3) In lieu of the notice requirements for out-of-state time share plans, requiring:
 - (A) A developer offering a time share plan through a limited permit to file an application with the Director, along with payment of a one-time fee of \$1,000 per time share plan; and
 - (B) The Director, within ten days of receipt of the completed application and fee, to issue a limited permit to the developer reflecting that the filing has been accepted and that the offering of the time share plan is permitted;
- (4) Establishing a renewal process for the limited permits;
- (5) Making this measure effective upon its approval; and
- (6) Making technical, nonsubstantive amendments for style, clarity, and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2372, 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. 2372, H.D. 2, S.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Kokubun, Tsutsui, Taniguchi and Trimble, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Taniguchi). Representatives Yamane, Herkes, Tokioka, Manahan and Marumoto, Managers on the part of the House. Ayes, 3. Noes, none. Excused, 2 (Herkes, Marumoto).

Conf. Com. Rep. No. 92-08 on H.B. No. 2272

The purpose of this bill is to assist programs that employ persons with disabilities by:

- (1) Providing a civil service exemption for contracts with qualified community rehabilitation programs for building, custodial, and grounds maintenance services lasting no longer than a year, and costing no more than \$1,000,000; and
- (2) Requiring the Department of Human Resources Development to report annually to the Legislature on qualified community rehabilitation programs expenditures and related activities.

Qualified community rehabilitation programs enable workers with disabilities to become contributing members of Hawaii's communities and provide much needed employment opportunities to the most underemployed and unemployed segment of Hawaii's population. However, contracts with these organizations often exceed the \$750,000 limit on contracts that are exempt from Hawaii's Civil Service Law.

As these qualified community rehabilitation programs represent a very small and limited number of agencies in Hawaii, raising the exemption limit for these contracts seems reasonable. However, your Committee on Conference believes that raising the cost limit to \$1,000,000 is a bit high and that \$850,000 is a more acceptable compromise.

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

- (1) Changing the exemption from contracts that do not exceed \$1,000,000 to contracts that do not exceed \$850,000; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2272, 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. 2272, H.D. 2, S.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Chun Oakland, Taniguchi, Baker and Hemmings, Managers on the part of the Senate. Ayes, 4. Noes, none. Excused, none. Representatives Sonson, Har, Souki and Pine, Managers on the part of the House. Ayes, 3. Noes, none. Excused, 1 (Souki).

Conf. Com. Rep. No. 93-08 on H.B. No. 2386

The purpose of this bill is to ensure efficiency and fairness in the workers' compensation claims and dispute processes for temporary total disability (TTD) by:

- (1) Requiring an employer to pay TTD benefits without waiting for a decision from the Director of Labor and Industrial Relations (Director) regardless of whether the employer controverts the right to those benefits;
- (2) Specifying the continuation of TTD benefits until the employee's treating physician determines that the employee is able to resume work and a bona fide offer of suitable work within the employee's medical restrictions has been made;
- (3) Requiring the Director, after conducting a review of the case file and position papers submitted by the parties, to issue a decision as to whether TTD benefits should have been discontinued, and if so, designate a date after which TTD benefits should have been discontinued;
- (4) Allowing an employer to make a written request to the Director for the issuance of a credit for the amount of TTD benefits paid by the employer after the date which the Director determined TTD benefits should have been discontinued;
- (5) Requiring an employer or insurer to pay for attorney's fees and costs to the employee if the employer or insurer is found to be noncompliant with the TTD law;
- (6) Entitling an injured employee to receive a weekly benefit amount equal to 70 percent of the injured employee's average weekly wage, or a maximum weekly income benefit based upon the state average weekly wage applicable, under certain conditions; and

- (7) Establishing a working group to address the concerns of this measure and report its recommendations to the Legislature prior to the 2009 Regular Session.

While the workers' compensation law was established as a "no-fault" law where an injured worker received the medical treatment necessary to allow the worker to return to work in exchange for an injured worker giving up the right to sue the employer, the process has become very adversarial. This has resulted in claims and counterclaims being filed and appealed regarding a worker's injury and often results in delaying the provision of TTD benefits. This delay ultimately causes delays in the receipt of treatment by the injured employee, thus hindering the recovery of an injured worker. Allowing a worker to continue to receive TTD benefits until the Director renders a decision in the matter while affording the employer the opportunity to obtain a credit for the amount of overpayment in TTD benefits appears to be a fair balance that addresses this problem.

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

- (1) Specifying that a minimum weekly benefit restriction applies to the weekly benefit received where a work injury causes TTD;
- (2) Stipulating that if the employee's average weekly wages were less than the maximum weekly benefit rate, the injured employee would be compensated at a rate of one hundred percent of the employee's average weekly wage;
- (3) Clarifying that these benefits are intended for employees claiming TTD and not permanent disability;
- (4) Clarifying that these benefits are to be paid by an employer where a work injury causes TTD and payment of compensation due does not begin within thirty days of the date of injury;
- (5) Specifying that the working group address and make recommendations to resolve any concerns raised by this Act, rather than in this Act, since no concerns were raised in the Act itself;
- (6) Adding language to clarify that those getting TTD benefits after the effective date of this Act also qualify for these benefits;
- (7) Clarifying the effective date so that the task force becomes effective upon approval while the provisions amending the disability law only become effective if the task force fails to reach a consensus in resolving this matter.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2386, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2386, S.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Taniguchi, Tsutsui and Hee, Managers on the part of the Senate. Ayes, 2. Noes, none. Excused, 1 (Hee). Representatives Sonson, M. Oshiro and McKelvey, Managers on the part of the House. Ayes, 3. Noes, none. Excused, none.

Conf. Com. Rep. No. 94-08 on H.B. No. 2388

The purpose of this bill is to protect the health and welfare of injured workers by:

- (1) Ensuring that injured employees receive uninterrupted medical care, even when disputes arise over a treatment plan or whether treatment should be continued; and
- (2) Creating a temporary working group to consider the issues raised by this bill.

Although proper medical treatment is the best method of returning an employee to gainful employment in a timely and efficient manner, the adversarial nature of the workers' compensation system often makes medical treatment a point of contention between the employee and employer. Your Committee on Conference finds that ensuring that medical treatment of an employee is continued until a decision is rendered by the Director of Labor and Industrial Relations on the appropriateness of the treatment, is in the best interest of both the employee and employer.

Your Committee on Conference has amended this bill by:

- (1) Deleting language creating the temporary working group;
- (2) Changing its effective date to July 1, 2008; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2388, 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. 2388, H.D. 1, S.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Taniguchi, Tsutsui and Hee, Managers on the part of the Senate. Ayes, 2. Noes, none. Excused, 1 (Hee). Representatives Sonson, M. Oshiro, McKelvey and Ward, Managers on the part of the House. Ayes, 4. Noes, none. Excused, none.

Conf. Com. Rep. No. 95-08 on H.B. No. 3331

The purpose of this bill is to clarify dispute resolution procedures relating to the interpretation or enforcement of a condominium association's declaration, bylaws, house rules, or certain other matters. Among other things, this bill:

- (1) Clarifies the types of disputes that are subject to mediation;
- (2) Establishes notification requirements for mediations;
- (3) Allows the parties to a failed mediation to pursue arbitration no sooner than 30 days from the termination of mediation; and

- (4) Expands the availability of administrative hearings for failed mediations by including this option in the newer condominium law under Chapter 514B, Hawaii Revised Statutes (HRS).

Your Committee on Conference has amended this bill by:

- (1) Deleting the mediation notification requirements established by this measure;
- (2) Clarifying that the option to file for arbitration or an administrative hearing applies to parties to a proposed or terminated mediation, including instances where a party refuses to participate in mediation;
- (3) Specifying how the termination date of mediations is to be determined for purposes of the time limitations for parties to file for arbitration or an administrative hearing;
- (4) Restoring the statutory provisions in Chapter 514B, HRS:
 - (A) Enumerating the types of disputes exempt from mandatory mediation; and
 - (B) Providing that if mediation is not completed within two months from commencement, no further mediation is required unless agreed to by the parties;
- (5) Requiring the hearings officer to hear any matter identified in the mediation request in instances where no mediation has occurred prior to the hearing;
- (6) Inserting a savings clause;
- (7) Making this bill effective on the date of its approval, with a sunset date of June 30, 2009; and
- (8) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 3331, H.D. 2, S.D. 2, C.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3331, H.D. 2, S.D. 2, C.D. 2.

Signed by the Chairs on behalf of the Committee. Senators Kokubun, Taniguchi, Espero and Trimble, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Trimble). Representatives Herkes, B. Oshiro, McKelvey and Marumoto, Managers on the part of the House. Ayes, 4. Noes, none. Excused, none.

Conf. Com. Rep. No. 96-08 on H.B. No. 2519

The purpose of this bill is to ensure access to health care in rural, medically underserved areas of the state by, among other things:

- (1) Requiring the Legislative Reference Bureau (LRB) to research the actions, programs, or approaches other jurisdictions have taken to address physician and dentist shortages, including student loan repayment and stipend programs;
- (2) Directing LRB to report its findings and recommendations to the Legislature prior to the convening of the Regular Session of 2009; and
- (3) Creating a pilot project to grant various tax and other benefits for seven years--similar to those provided within enterprise zones under the Department of Business, Economic Development, and Tourism (DBEDT)--to physicians and dentists who agree to work for seven consecutive years within certain areas of the state that are medically underserved or where a health professional shortage exists.

Your Committee on Conference has amended this bill by replacing its contents with provisions that:

- (1) Establish the Hawaii Health Corps Program Working Group (Working Group) to be placed within DBEDT, to develop a plan to create the Hawaii Health Corps Program (HHCP) that will address physician and dentist shortages including student loan repayment and stipend programs;
- (2) Specify specific components the Working Group must incorporate into its plan in developing the HHCP; and
- (3) Require the Working Group to prepare a plan to be fully implemented by January 1, 2010, and submit the plan and any proposed legislation to the Legislature not later than 20 days prior to the convening of the Regular Session of 2009.

Technical, nonsubstantive changes were also made for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2519, 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. 2519, H.D. 2, S.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Ige, Baker, Fukunaga and Whalen, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Fukunaga). Representatives Green, Chang, M. Oshiro and Ward, Managers on the part of the House. Ayes, 4. Noes, none. Excused, none.

Conf. Com. Rep. No. 97-08 on H.B. No. 2727

The purpose of this bill is to ensure that children diagnosed with autism spectrum disorders have access to quality health care services and treatment by establishing a temporary autism disorders spectrum benefits and coverage task force to research the problems faced by parents of children with autism and what can be done to ensure that proper benefits and services are provided through public and private resources to address the special needs of children with autism, including providing services involving applied behavioral analysis techniques.

Your Committee on Conference has amended this bill by:

- (1) Deleting the member of the task force representing the Hawaii Medical Service Association;
- (2) Deleting the two members of the task force who are parents of autistic children and appointed by the Governor;
- (3) Replacing the three members removed from the task force with three members each representing a different organization that represents children with autistic spectrum disorder, appointed by the Governor from a list submitted by the Speaker of the House of Representatives and President of the Senate;
- (4) Specifying that members of the task force will serve without compensation and will receive no reimbursement for expenses;
- (5) Providing that the task force will cease to exist on June 30, 2009;
- (6) Changing the effective date to upon approval; and
- (7) Making technical, nonsubstantive changes for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2727, 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. 2727, H.D. 2, S.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Ige, Kokubun and Whalen, Managers on the part of the Senate. Ayes, 2. Noes, none. Excused, 1 (Whalen). Representatives Green, Herkes, Mizuno and Ward, Managers on the part of the House. Ayes, 4. Noes, none. Excused, none.

Conf. Com. Rep. No. 98-08 on H.B. No. 3175

The purpose of this bill is to assist the federal government in their efforts to manage fisheries in state and federal marine waters by:

- (1) Requiring the Department of Land and Natural Resources to adopt rules that effectuate federal requirements that apply to fisheries within shared state and federal jurisdictions;
- (2) Providing confidentiality provisions regarding the catch reports obtained under this provision; and
- (3) Amending a section title in the Hawaii Revised Statutes to provide more flexibility in the commercial catch reporting requirements.

Your Committee on Conference has amended this bill by:

- (1) Exempting the Papahānaumokuākea Marine National Monument from the provisions of this Act;
- (2) Deleting the amendment to the title of section 189-3, Hawaii Revised Statutes, as unnecessary; and
- (3) Changing the effective date to July 1, 2008.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 3175, 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. 3175, H.D. 1, S.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Hee, Fukunaga and Whalen, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, none. Representatives Ito, Karamatsu, Sagum and Thielen, Managers on the part of the House. Ayes, 3. Noes, none. Excused, 1 (Sagum).

Conf. Com. Rep. No. 99-08 on H.B. No. 3179

The purpose of this bill is to encourage the development of biofuel and reduce the state's dependence on fossil fuel by authorizing the Board of Land and Natural Resources to lease by direct negotiation public land to renewable energy producers who are growers or producers of organic material used primarily for the production of biofuels or other fuels.

Your Committee on Conference has amended this bill by replacing the word "organic" with "plant and animal" to describe the type of material that may be grown and produced on the leased lands so it is not limited to material that is produced or grown without using chemically formulated fertilizers, growth stimulants, antibiotics, or pesticides.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 3179, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3179, S.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Menor, Tokuda and Trimble, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, none. Representatives Ito, Morita, Tsuji, Karamatsu and Thielen, Managers on the part of the House. Ayes, 5. Ayes with Reservations, 1 (Thielen). Noes, none. Excused, none.

Conf. Com. Rep. No. 100-08 on H.B. No. 3174

The purpose of this bill is to:

- (1) Require the Department of Land and Natural Resources (DLNR) to adopt, amend, and repeal administrative rules that are equivalent to and consistent with federal fisheries regulations, under certain conditions;
- (2) Specifically allow the Board of Land and Natural Resources (BLNR) to annually declare a fishing season, total fishing quota, or individual fishing quotas, or adopt rules relating to bag, size, and gear limits consistent with federal fisheries regulations and state rules adopted under this measure if enacted by the federal government to prevent overfishing; and

- (3) Require DLNR to amend its rules when the federal fisheries agency declares that the fishery is sustainable and amends its regulations.

Your Committee on Conference has amended this bill by:

- (1) Providing that this measure does not apply to the Papahānaumokuākea Marine National Monument;
- (2) Requiring, rather than allowing, BLNR to annually declare a fishing season or fishing quotas, or adopt rules relating to bag, size, and gear limits consistent with federal fisheries regulations and state rules adopted under this measure;
- (3) Changing the effective date to upon its approval; and
- (4) Making technical, nonsubstantive amendments for style, clarity, and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 3174, 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. 3174, H.D. 1, S.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Hee, Fukunaga and Whalen, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, none. Representatives Waters, Ito, Karamatsu and Thielen, Managers on the part of the House. Ayes, 4. Ayes with Reservations, 1 (Thielen). Noes, none. Excused, none.

Conf. Com. Rep. No. 101-08 on S.B. No. 2977

The purpose of this measure is to assist the child support enforcement agency to implement federally mandated requirements and streamline the child enforcement process in the State.

Specifically, this measure:

- (1) Clarifies the requirement for notice to custodial parents regarding state income tax refund setoffs;
- (2) Creates an assistant administrator position for policy and planning;
- (3) With respect to the Child Enforcement Agency's review of support orders upon which a proposed order to modify child support is based, refers to the Agency's "review" rather than "periodic review";
- (4) Enables the child support enforcement agency to:
 - (A) Request an administrative hearing; and
 - (B) Sign proposed administrative orders when no request for an administrative hearing is received; and
- (5) Transfer two full-time equivalent positions performing similar functions from the County of Kauai to the Department of the Attorney General.

Your Committee on Conference has amended this measure by:

- (1) Deleting reference to "(FTE)", "full-time", and "equivalent" in regards to the temporary civil service positions, on the recommendation of the Attorney General; and
- (2) Changing the effective date to July 1, 2008.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2977, 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. 2977, S.D. 1, H.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Taniguchi, Chun Oakland, Tsutsui and Slom, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Slom). Representatives Shimabukuro, B. Oshiro, Rhoads, Belatti and Ward, Managers on the part of the House. Ayes, 4. Noes, none. Excused, 1 (Ward).

Conf. Com. Rep. No. 102-08 on S.B. No. 2840

The purpose of this measure is to require the Department of Business, Economic Development, and Tourism to establish and update biennially a self-sufficiency standard.

Your Committee has amended this measure by:

- (1) Adopting the Senate Bill No. 2840, House Draft 1 version, which places into Hawaii Revised Statutes (HRS) section 201-3, the requirement that the Department of Business, Economic Development, and Tourism (DBEDT) submit reports to the Legislature beginning with the Regular Session of 2009, and every odd-numbered year thereafter;
- (2) Changing the measure's effective date to July 1, 2008;
- (3) Removing the appropriation section;
- (4) Placing the section requiring DBEDT to make recommendations to the Legislature regarding the utilization of federal funding for establishing and updating the self-sufficiency standard into the amendment made to HRS section 201-3, and deleting the language that requires DBEDT to advise the Legislature periodically on the same subject, and the language that referenced Temporary Assistance for Needy Families and Workforce Investment Act funds as potential federal funding sources; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2840, 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. 2840, S.D. 2, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Chun Oakland, Fukunaga, Baker, Hooser and Hemmings, Managers on the part of the Senate. Ayes, 4. Noes, none. Excused, 1 (Baker). Representatives Yamashita, Shimabukuro, Rhoads, Wakai and Pine, Managers on the part of the House. Ayes, 4. Noes, none. Excused, 1 (Pine).

Conf. Com. Rep. No. 103-08 on S.B. No. 2879

The purpose of this bill is to establish a power of attorney for special education.

This measure also establishes the process to appoint an educational representative for an adult student who lacks capacity and clarifies the authority of a guardian of an adult student.

Your Committee on Conference finds that, in 2007, the Department of Education convened the Chapter 56/60 Community Workgroup to assist the Department in adopting administrative rules that would be in alignment with the reauthorization of the Individuals with Disabilities Act of 2004 (IDEA). Necessary changes of the administrative rules were to be considered for chapter 56, Hawaii Administrative Rules, with the new rules to be adopted as a new chapter 60, Hawaii Administrative Rules. The Community Workgroup considered input from interested parties and made several recommendations to the Department. This bill addresses the requirement under the IDEA that the states establish procedures for the appointment of a representative for a student who is incapable of making decisions or providing informed consent on education issues by establishing a power of attorney for special education, establishing the process for appointment of an educational representative for an adult student who lacks capacity, and clarifying the authority of a guardian of an adult student. Your Committee on Conference determines that this bill will satisfy the requirements under the IDEA, while providing a less expensive and less labor intensive alternative to guardianships currently available for handling such matters.

Upon further review, your Committee on Conference has amended this bill by changing its effective date to July 1, 2008.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2879, 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. 2879, S.D. 2, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Sakamoto, Taniguchi, Tsutsui, Nishihara and Slom, Managers on the part of the Senate. Ayes, 5. Noes, none. Excused, none. Representatives Takumi, B. Oshiro, Lee, Berg and Pine, Managers on the part of the House. Ayes, 5. Noes, none. Excused, none.

Conf. Com. Rep. No. 104-08 on S.B. No. 2334

The purpose of this bill is to repeal the exemption from civil service of the first and second deputy sheriff positions within the Sheriffs Division of the Department of Public Safety and to require the Sheriff and Deputy Director for Law Enforcement who are employed on or after July 1, 2050, to be graduates of a law enforcement academy.

Your Committee on Conference has amended this measure by:

- (1) Changing the effective date to July 1, 2008; and
- (2) Exempting persons hired before July 1, 2008, from the requirement of graduation from a law enforcement academy; and
- (3) Making technical, nonsubstantive amendments for the purpose of clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2334, 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. 2334, S.D. 2, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Espero, Taniguchi, Nishihara and Whalen, Managers on the part of the Senate. Ayes, 4. Noes, none. Excused, none. Representatives Evans, Sonson, Har and Finnegan, Managers on the part of the House. Ayes, 3. Noes, none. Excused, 1 (Sonson).

Conf. Com. Rep. No. 105-08 on S.B. No. 2055

The purpose of this measure is to require the Department of Commerce and Consumer Affairs to establish policies and procedures for child custody evaluators, and administer certification procedures.

This measure also establishes licensing requirements and minimal education and experience requirements and requires continuing training for child custody evaluators.

Your Committee has amended this measure by:

- (1) Modifying its contents to amend Hawaii Revised Statutes section 571-46(4) to define court-appointed investigators or professional personnel attached to or assisting the court in its child custody determinations as "child custody evaluators", and require the Judiciary to define the requirements, standards of practice, ethics, policies, and procedures required of court-appointed child custody evaluators in the performance of their duties;
- (2) Adding a section that requires the Judiciary to submit a report to the Legislature by no later than twenty days prior to the convening of the Regular Session of 2009, relating its findings, recommendations, and resource requirements to implement certain aspects of child custody evaluator appointment, standards enforcement, monitoring, and administrative appeal process;

- (3) Adding a section that calls upon the Judiciary to convene and obtain assistance from a child custody advisory task force to include representatives from listed organizations to define the employment requirements and standards of child custody evaluators;
- (4) Changing its effective date to "upon approval"; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2055, 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. 2055, S.D. 2, H.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Chun Oakland, Taniguchi, Kokubun and Hemmings, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Kokubun). Representatives Shimabukuro, B. Oshiro, Rhoads, Belatti and Ward, Managers on the part of the House. Ayes, 3. Noes, none. Excused, 2 (Belatti, Ward).

Conf. Com. Rep. No. 106-08 on S.B. No. 3227

The purpose of this bill is to:

- (1) Expand the authority of the Aloha Tower Development Corporation to assist in the development of the statewide harbors modernization plan by establishing the Harbors Modernization Group;
- (2) Authorizes the Department of Transportation to issue revenue bonds to finance the harbor improvements; and
- (3) Appropriates unspecified moneys for the harbor improvement.

Your Committee on Conference has amended this bill by:

- (1) Appropriating or authorizing, as the case may be, \$20,000,000 from harbor revenue bonds for the capital improvement projects at Hana harbor, Maui; and
- (2) Making technical amendments.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3227, 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. 3227, S.D. 2, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senator Hee did not concur. Senators English, Hee, Baker, Gabbard, Kokubun and Trimble, Managers on the part of the Senate. Ayes, 4. Noes, none. Excused, 2 (Hee, Kokubun). Representatives Souki, Ito, M. Oshiro, Karamatsu, Nishimoto and Thielen, Managers on the part of the House. Ayes, 6. Noes, none. Excused, none.

Conf. Com. Rep. No. 107-08 on S.B. No. 2876

The purpose of this bill is to support workforce and economic development by allocating Reed Act moneys out of the Unemployment Trust Fund to the Hawaii County Workforce Investment Board, and the One-Stop Career Center.

Your Committee on Conference notes that Maui County has suffered enormous unemployment stemming from the closure of Molokai Ranch, which was not factored into this measure.

Your Committee on Conference has amended this measure:

- (1) By adding an appropriation of \$1,508,487 to the Maui County Workforce Investment Board, which shall work in collaboration with the County of Maui, particularly with regards to the unemployment stemming from the Molokai Ranch closing. Your Committee on Conference notes that this is the same sum as appropriated by Act 123, Session Laws of Hawaii 2007, to Maui;
- (2) By adding an appropriation of \$2,000,000 to be allocated to the Workforce Development Division of the Department of Labor and Industrial Relations to assist workers dislocated by company closures and lay-offs, assist employers in finding suitable workers, and improve the delivery of services as allowed under the Wagner-Peyser Act;
- (3) Inserting a lapse date for both appropriations of June 30, 2010; and
- (4) Changing the effective date to July 1, 2008.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2876, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2876, H.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Taniguchi, Baker, Kokubun and Slom, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Kokubun). Representatives Sonson, M. Oshiro, Takamine and Pine, Managers on the part of the House. Ayes, 3. Noes, none. Excused, 1 (Takamine).

Conf. Com. Rep. No. 108-08 on S.B. No. 2293

The purpose of this bill is to increase the number of affordable housing units in Hawaii by exempting new multi-family housing condominium developments of seventy-five units or more per acre from certain state and county affordable housing requirements.

Specifically, this bill adds a new section to chapter 201H, Hawaii Revised Statutes, that exempts new multi-family rental or for-sale housing developments of seventy-five units or more per acre on privately owned lands and privately financed without federal, state, or county financing assistance or subsidies from the Hawaii Housing Finance and Development Corporation's shared appreciation equity

program and applies transfer restrictions under sections 201H-47 and 201-49, Hawaii Revised Statutes, and occupancy requirements for a term of three, rather than ten years.

Affordable housing for Hawaii residents and the local workforce are in a critical short supply. Your Committee on Conference finds that private landowners and developers need incentives in order to meet the demand for and increase the supply of affordable housing. Eliminating or reducing certain state and county requirements, including the equity sharing program, and occupancy and transfer period, for new multi-family housing developments on privately owned land using private financing will encourage the private sector to build affordable workforce housing.

Your Committee on Conference has amended this bill by:

- (1) Deleting language that refers to rental multi-family condominium developments and reducing its scope to apply to only new multi-family for-sale housing condominium developments of seventy-five units or more per acre;
- (2) Clarifying that the reference to federal, state, or county financing assistance or subsidies includes tax credits;
- (3) Adding language that triggers the three-year occupancy requirement to begin upon the sale of each unit in the multi-family for-sale housing condominium development;
- (4) Requiring that in order for the exemptions of this bill to apply to a privately financed new multi-family for-sale housing condominium development on privately owned land, the primary purpose of the construction of the housing development shall be to increase the number of affordable housing units in the State, and not for the purpose of satisfying any affordable housing or reserved housing requirement required by law or ordinance;
- (5) Adding definitions for “affordable housing” and “reserved housing”; and
- (6) Making technical, nonsubstantive amendments for the purposes of style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2293, 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. 2293, S.D. 1, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Kokubun, Inouye, Taniguchi, Kim and Trimble, Managers on the part of the Senate. Ayes, 4. Noes, none. Excused, 1 (Taniguchi). Representatives Shimabukuro, Ito, Rhoads and Thielen, Managers on the part of the House. Ayes, 4. Noes, none. Excused, none.

Conf. Com. Rep. No. 109-08 on S.B. No. 2961

The purpose of this measure is to appropriate funds to the Department of the Attorney General and to the Department of Transportation to satisfy claims against the State, its officers, or its employees.

Your Committee finds that this measure is necessary to satisfy various claims against the State, its officers, or its employees.

Your Committee on Conference has amended this measure on the recommendation of the State Attorney General by adding recent claims that were in progress at the time of the H.D. 1, and have since been resolved.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2961, 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. 2961, S.D. 2, H.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Taniguchi, Tsutsui and Slom, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, none. Representatives Waters, M. Oshiro and Thielen, Managers on the part of the House. Ayes, 2. Noes, none. Excused, 1 (Thielen).

Conf. Com. Rep. No. 110-08 on S.B. No. 2652

The purpose of this measure is to provide for periodic wage adjustments for substitute teachers of the Department of Education that are comparable to the wage adjustments negotiated for teachers in bargaining unit 5.

Your Committee on Conference finds that substitute teachers play an important role in supplementing our teacher workforce in the public school system. However, public school substitute teachers have been at odds with the Department of Education with continued litigation pending in the appellate court. In an attempt to address the pending litigation and related issues, the Legislature passed Act 70, Session Laws of Hawaii 2005, which provided an interim pay rate of no less than \$119.80 per day pending resolution of the litigation. Additionally, the Legislature increased the interim pay rate to no less than \$125 per day, pursuant to Act 263, Session Laws of Hawaii 2006. In 2007, teachers who are part of bargaining unit 5 received a pay increase; however, no corresponding increase was afforded to substitute teachers. This bill reflects the Legislature’s intent that substitute teachers receive wage adjustments that are comparable across the board with wage adjustments negotiated for bargaining unit 5 teachers without the need to return to the Legislature for relief each session.

Upon further review, your Committee on Conference has amended this bill by specifying that the wage adjustments, which shall be comparable to the across-the-board wage adjustments for teachers that are negotiated for bargaining unit 5, rather than the adjustment of hours, benefits, and other terms and conditions of employment for substitute teachers, shall be subject to legislative approval, pursuant to section 89C-5, Hawaii Revised Statutes.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2652, 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. 2652, S.D. 2, H.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Sakamoto, Gabbard, Baker, Nishihara, Taniguchi and Slom, Managers on the part of the Senate. Ayes, 4. Noes, none. Excused, 2 (Baker, Taniguchi). Representatives Takumi, Sonson, M. Oshiro and Finnegan, Managers on the part of the House. Ayes, 4. Noes, none. Excused, none.

Conf. Com. Rep. No. 111-08 on S.B. No. 2668

The purpose of this bill is to make clarifying changes to the composition, duties, and activities of the Board of Regents and the Candidate Advisory Council for the Board of Regents of the University of Hawaii.

Specifically, this bill:

- (1) Requires that candidates for the Board of Regents reside in the geographic areas that they represent;
- (2) Requires the Governor to notify in writing the Candidate Advisory Council for the Board of Regents of vacancies on the Board in a timely manner;
- (3) Requires the submission of candidates for the Board of Regents within sixty days following notification from the Governor of a vacancy due to resignation, death, or removal by the Governor;
- (4) Requires the Council to submit the names of candidates for the Board of Regents to the Governor; and
- (5) Makes confidential all information required by the Regents Candidate Advisory Council regarding candidates for the Board of Regents.

Your Committee on Conference finds that the Candidate Advisory Council for the Board of Regents of the University of Hawaii was established pursuant to Act 56, Session Laws of Hawaii 2007, in response to the people's desire to change the prior nomination process. The Candidate Advisory Council has been operating pursuant to Act 56, and the Governor has submitted the names of appointees for some of the vacant seats on the Board of Regents to the Senate for confirmation. After several months of operation, the Candidate Advisory Council has discovered that certain provisions relating to its existence and operations must be modified to improve operations.

This bill addresses some of the Council's concerns by, among other things, ensuring the Council receives timely written notification from the Governor when a vacancy occurs on the Board of Regents and ensuring the confidentiality of information regarding applicants. These provisions, in addition to other necessary changes to improve the process, will assist the Candidate Advisory Council in dutifully executing its responsibilities.

Upon further review, your Committee on Conference has amended this bill by clarifying that the Regents Candidate Advisory Council shall be deemed to have fulfilled its obligation to submit names to the Governor upon the presentation of names of the minimum number of candidates required to be presented for each seat or seats on the Board of Regents.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2668, 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. 2668, S.D. 2, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Sakamoto, Tsutsui, Hee, Hooser and Slom, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 2 (Hooser, Slom). Representatives Chang, M. Oshiro, Bertram, Takamine and Finnegan, Managers on the part of the House. Ayes, 4. Noes, none. Excused, 1 (Bertram).

Conf. Com. Rep. No. 112-08 on S.B. No. 2933

The purpose of this measure is to:

- (1) Prohibit contracts and other binding agreements from precluding the erecting and use of clotheslines on the premises of single-family residential dwellings;
- (2) Provide that rules on the placement of clotheslines shall not be unduly or unreasonably restrictive;
- (3) Include photovoltaic cell applications and clotheslines in the definition of "solar energy device"; and
- (4) Specify that skylights, windows, or clotheslines are not included as renewable energy technology systems or solar or wind energy systems under the renewable energy technologies income tax credit program, pursuant to section 235-12.5, Hawaii Revised Statutes.

Your Committee has amended this measure by making it effective upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2933, 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. 2933, S.D. 2, H.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Menor, Kokubun, Taniguchi and Trimble, Managers on the part of the Senate. Ayes, 4. Noes, none. Excused, none. Representatives Morita, Rhoads, Carroll and Thielen, Managers on the part of the House. Ayes, 3. Noes, none. Excused, 1 (Rhoads).

Conf. Com. Rep. No. 113-08 on S.B. No. 3076

The purpose of this bill is to authorize the Department of Health to create up to two permanent or temporary exempt epidemiologist positions. This bill also requires the Department of Health to report to the Legislature no later than twenty days prior to the convening of the Regular Session of 2009 on the status of creating and filling the positions.

Upon further consideration, your Committee on Conference has made the following amendments to S.B. No. 3076, H.D. 1:

- (1) Expanded the authorization for the creation of epidemiologist positions from two to ten;
- (2) Removed the language requiring the Department of Health to report to the Legislature; and
- (3) Made technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3076, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3076, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Ige, Baker, Fukunaga and Whalen, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Whalen). Representatives Green, Mizuno, Awana and Ward, Managers on the part of the House. Ayes, 3. Noes, none. Excused, 1 (Ward).

Conf. Com. Rep. No. 114-08 on S.B. No. 2768

The purpose of this bill is to ensure quality health care on the island of Maui by authorizing the issuance of \$150,000,000 in revenue bonds for a Heart, Brain, and Vascular Center at the Maui Memorial Medical Center.

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

- (1) Changed the effective to July 1, 2008; and
- (2) Made technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2768, 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. 2768, S.D. 2, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Ige, Baker, Tsutsui and Whalen, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Whalen). Representatives Green, M. Oshiro, Nakasone and Ward, Managers on the part of the House. Ayes, 3. Noes, none. Excused, 1 (Nakasone).

Conf. Com. Rep. No. 115-08 on S.B. No. 2826

The purpose of this measure is to coordinate the responsibility of developing and maintaining a training and development program for state and county procurement officers between the Department of Human Resources Development and the State Procurement Office.

This measure also makes initial training mandatory for state procurement officers. In addition, the State Procurement Office may determine if subsequent training of a state procurement officer is necessary. However, attendance at training is elective for county procurement officers.

Your Committee on Conference finds that procurement training is an important and vital tool for ensuring that proper procurement practices are achieved in expenditures of public moneys. Your Committee on Conference further finds that the responsibility for conducting procurement training is more appropriately situated with the State Procurement Office, with the assistance of the Department of Human Resources Development.

Your Committee on Conference has amended this measure by:

- (1) Requiring all state procurement officers to attend a fundamental training and development session within sixty days of being appointed or named as procurement officer;
- (2) Requiring state procurement officers who are determined by the state procurement office to need further training and development to attend follow-up training and development sessions:
 - (A) Based upon the history of procurement compliance to this chapter by the agency to which the particular procurement officer is attached; or
 - (B) Based upon any other need for training and development;
- (3) Making attendance by all other state procurement officers at the follow-up sessions and by county procurement officials at the fundamental sessions and all follow-up sessions optional, though encouraged; and
- (4) Changing the effective date to January 1, 2009, on the recommendation of the State Procurement Office.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2826, 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. 2826, S.D. 2, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Nishihara, Tsutsui, Kim and Trimble, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Trimble). Representatives Yamashita, Herkes, Tokioka, Wakai and Marumoto, Managers on the part of the House. Ayes, 4. Noes, none. Excused, 1 (Marumoto).

Conf. Com. Rep. No. 116-08 on S.B. No. 2824

The purpose of this measure is to:

- (1) Require the Procurement Policy Board to annually perform random compliance audits on at least two governmental departments, divisions, or agencies for compliance with the Hawaii Public Procurement Code (Code) and also perform audits based on patterns of noncompliance or indications of circumventing the law; and
- (2) Require the Auditor to conduct a compliance, performance, and management audit of the State Procurement Office and the purchasing agencies of the Executive Branch to determine compliance with the Code.

Your Committee on Conference finds that only one audit of the State's procurement practices has been performed since the Public Procurement Code was codified in chapter 103D, Hawaii Revised Statutes, in 1993. That audit occurred in 1995, and your Committee on Conference believes that government purchasing practices are due for review. In addition to uncovering deficiencies and improprieties in state procurement, an audit would provide an analysis of how effectively the Code is being implemented and enforced.

Your Committee on Conference has amended this measure by:

- (1) Clarifying the purpose section regarding mandatory annual compliance audits by the State Procurement Policy Board;
- (2) Making the Comptroller and the county employee member of the State Procurement Policy Board an ex-officio nonvoting member;
- (3) Deleting the appropriation for the Auditor to contract with a private entity to conduct a compliance, performance, and management audit of the State Procurement Office and the purchasing agencies of the State;
- (4) Clarifying that the two mandatory audits by the State Procurement Policy board shall be of those agencies based upon a pattern of noncompliance or otherwise indicate an intentional circumvention of the Hawaii Public Procurement Code; and other audits as randomly selected;
- (5) Changing the effective date to January 1, 2009; and
- (6) Making technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2824, 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. 2824, S.D. 2, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Nishihara, Baker and Kim, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, none. Representatives Yamashita, Magaoay, Tokioka, Wakai and Finnegan, Managers on the part of the House. Ayes, 4. Noes, none. Excused, 1 (Finnegan).

Conf. Com. Rep. No. 117-08 on S.B. No. 3009

The purpose of this bill is to effectively regulate the money transmitter industry by amending the Money Transmitters Act under chapter 489D, Hawaii Revised Statutes.

Specifically, this bill amends chapter 489D, Hawaii Revised Statutes, to:

- (1) Change the application and licensing fees;
- (2) Enhance consumer protections;
- (3) Make clarifying amendments; and
- (4) Correct errors and omissions.

Your Committee on Conference finds that money transmitters sell payment instruments, such as money orders, or receive money for transmission to other locations within the United States or overseas. There are currently over forty licensed money transmitters in the State.

Your Committee on Conference has amended this bill to change the effective date from July 1, 2020, to January 1, 2009.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3009, 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. 3009, S.D. 2, H.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Kokubun, Taniguchi, Baker and Slom, Managers on the part of the Senate. Ayes, 4. Noes, none. Excused, none. Representatives Herkes, B. Oshiro, M. Oshiro, Manahan and Pine, Managers on the part of the House. Ayes, 5. Noes, none. Excused, none.

Conf. Com. Rep. No. 118-08 on S.B. No. 3102

The purpose of this measure is to provide for greater protection of lands that have value as a resource to the State by allowing public and private moneys to be deposited into the Land Conservation Fund and used for the acquisition of land having value as a resource to the State.

Your Committee on Conference has amended this measure by:

- (1) Adding language to sections 173A-5 and 173A-9, Hawaii Revised Statutes, allowing for moneys from the Land Conservation Fund to be used for the costs of operating, maintaining, and managing lands acquired by way of the Land Conservation Fund, provided that the costs do not exceed five per cent of annual fund revenues of the previous year;
- (2) Authorizing the Board of Land and Natural Resources to make grants to government and non-profit land conservation organizations for the operation, maintenance, and management of lands acquired under chapter 173A, Hawaii Revised

Statutes, to protect, maintain or restore at risk resources on the lands or provide greater public access and enjoyment of the lands; and

- (3) Amending the effective date of the measure to be upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3102, 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. 3102, S.D. 2, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Hee, Tsutsui and Whalen, Managers on the part of the Senate. Ayes, 2. Noes, none. Excused, 1 (Whalen). Representatives Ito, Karamatsu, Sagum and Thielen, Managers on the part of the House. Ayes, 4. Noes, none. Excused, none.

Conf. Com. Rep. No. 119-08 on S.B. No. 2365

The purpose of this bill is to:

- (1) Authorize the Department of Transportation to establish and collect rental motor vehicle customer facility charges;
- (2) Create a Rental Motor Vehicle Customer Facility Charge Special Fund;
- (3) Establish a \$1 daily charge on rentals at state airports; and
- (4) Appropriate funds.

Your Committee on Conference has amended this measure by:

- (1) Dividing the measure into parts;
- (2) In part I:
 - (A) Expanding the findings and purpose section;
 - (B) Adding conceptual plans and plans in the scope of expenditures authorized from the Rental Motor Vehicle Customer Facility Charge Special Fund;
 - (C) Clarifying that the Director of Transportation shall not approve expenditure of any moneys except for planning and design purposes to improve or construct rental motor car vehicle customer facilities and related services located at an airport until a concession bid for rental motor vehicle concessions located at the public airport as of July 1, 2008, is first advertised, bid upon, and awarded by the Department of Transportation;
 - (D) Exempting the Special Fund from transfers from special funds for central service expenses, section 36-27, Hawaii Revised Statutes;
 - (E) Increasing the appropriation out of the Rental Motor Vehicle Customer Facility Charge Special Fund from \$7,000,000 to \$10,000,000 for fiscal year 2008-2009;
 - (F) Adding a new section on annual reporting requirements of the Department of Transportation to the Legislature on expenditures pursuant to the Act; and
- (3) In part II, incorporating H.B. No. 3196, H.D.1, S.D. 2, by:
 - (A) Extending until August 31, 2011, the \$3 a day rate of the rental motor vehicle surcharge tax; and
 - (B) Requiring the Department of Transportation to report additional revenue-generating initiatives to the Legislature and
- (4) Changing the effective date from July 1, 2020, to July 1, 2008.

With respect to that portion of this bill relating to the rental motor vehicle surcharge tax (surcharge tax), pursuant to section 251-2, Hawaii Revised Statutes, your Committee on Conference's intent is that the surcharge tax up to and including August 31, 2011, should not be increased to an amount higher than \$3 a day unless the Legislature:

- (1) Fairly considers how to equitably raise revenues from all users of the highways, and from other sources; and
- (2) In its considerations, starts from a base of \$2 a day for rental motor vehicles, since the present increase from \$2 a day to \$3 a day is only temporary and directed only to rental motor vehicles.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2365, 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. 2365, S.D. 1, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators English, Baker, Menor, Tsutsui and Trimble, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 2 (Tsutsui, Trimble). Representatives Souki, Yamashita, M. Oshiro, Managers on the part of the House. Ayes, 3. Noes, none. Excused, none.

Conf. Com. Rep. No. 120-08 on S.B. No. 2663

The purpose of this bill is to make changes to the membership, nomination process, and responsibilities of and to provide necessary funding for increased information accessibility for the Hawaii Teacher Standards Board.

Your Committee on Conference finds that the Hawaii Teacher Standards Board is responsible for licensing and regulating teachers and approving teacher preparation programs in the State. Several issues relating to the Hawaii Teacher Standards Board and its

operations require consideration and modification. Over the past year, the nomination process for membership on the Hawaii Teachers Standards Board has been called into question. The process must provide for adequate and appropriate representation, which requires changes to the existing law. Additionally, the Hawaii Teacher Standards Board has been working toward improving the quality and quantity of data accessible to parties in order to increase teacher quality. An electronic licensing system that is capable of interfacing with public and private educational institutions in Hawaii, as well as the Department of Education, is being developed. Increased accountability by the Hawaii Teacher Standards Board is also necessary for the improvement and maintenance of teacher quality in the State.

This bill addresses the foregoing issues by specifying that recommendations for nominations to the Hawaii Teacher Standards Board should be provided to the Governor by professional organizations and unions that are representative of teachers and school administrators. Additionally, this bill authorizes the Hawaii Teacher Standards Board to coordinate an effort to support data or information management efforts of the Board and increases reporting requirements to include income and expenditure information and annual summary reports by the Board to the Legislature. This bill will help to improve the operations of the Hawaii Teacher Standards Board and, ultimately, the teacher workforce in the State.

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

- (1) Specifying that the definition for “teacher regularly engaged in teaching” shall apply to the entire section 302A-801, Hawaii Revised Statutes;
- (2) Increasing the membership of the Hawaii Teacher Standards Board to fourteen members and requiring that at least seven of the members shall be teachers regularly engaged in teaching, including at least one teacher who has completed a nontraditional teacher education program;
- (3) Requiring information to be provided by participating institutions or agencies, including, among other things, state-approved teacher education program completion information;
- (4) Removing the appropriation for the Hawaii Teacher Standards Board to coordinate an effort to create a network incorporating the teacher education institutions and the Department of Education to support the free interchange of information valuable to all participating organizations; and
- (5) Changing its effective date to upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2663, 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. 2663, S.D. 2, H.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Sakamoto, Baker, Nishihara, Gabbard and Slom, Managers on the part of the Senate. Ayes, 4. Noes, none. Excused, 1 (Slom). Representatives Takumi, Sonson, Lee, Berg, Takamine and Ching, Managers on the part of the House. Ayes, 5. Noes, none. Excused, 1 (Takamine).

Conf. Com. Rep. No. 121-08 on S.B. No. 2004

The purpose of this measure is to make amendments to the administrative hearings process relating to the education of children with disabilities.

Specifically, this measure:

- (1) Extends the deadline within which to file a request for a due process hearing relating to the education of a child with a disability from ninety days to one year when the request is for reimbursement of costs of a child’s unilateral special education placement;
- (2) Requires the Department of Education to submit annual reports to the Legislature that provide the total number of requests filed by a parent or guardian of a child with a disability for a due process hearing regarding the reimbursement of costs for a child’s placement; and
- (3) Requires the Department of Education to exercise oversight and monitoring of any child who has undergone unilateral placement in special education.

Your Committee on Conference finds that, pursuant to state law and the Individuals with Disabilities Education Act, it has been a continual challenge for the Departments of Education, Human Services, and Health to provide Hawaii’s children with disability services that meet their special education needs. Issues surrounding these special needs students must be properly handled, and every possible path to ensure their needs are provided for should be developed. Currently, feedback from parents of children with disabilities indicates that there is confusion and frustration with the current ninety-day statute of limitations period for requesting a hearing regarding a unilateral special education placement, where the reimbursement of costs is an issue. This bill addresses the administrative hearing process that determines a student’s identification, evaluation, program, or placement due to their disability. A balance is required in providing for the timely resolution of these issues, while also recognizing the difficulties of parents in these situations, including the difficulty in retaining an attorney for purposes of the administrative hearing.

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

- (1) Changing from one year to one hundred eighty days the time provided to file a request a hearing regarding the reimbursement of costs for a child’s unilateral special education placement, where the request is for reimbursement of the costs of the placement;
- (2) Including language to ensure that if any provision contained therein is held invalid, such invalidity will not affect any of its other provisions that can be given effect without the invalid provision or application; and

- (3) Changing the effective date to July 1, 2008.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2004, 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. 2004, S.D. 2, H.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Sakamoto, Chun Oakland, Tsutsui, Nishihara and Slom, Managers on the part of the Senate. Ayes, 4. Noes, none. Excused, 1 (Slom). Representatives Takumi, Shimabukuro, B. Oshiro, Rhoads and Finnegan, Managers on the part of the House. Ayes, 4. Noes, none. Excused, 1 (Takumi).

Conf. Com. Rep. No. 122-08 on S.B. No. 2041

The purpose of this measure is to meet rising health care costs and ensure that Hawaii's residents have continued access to quality health care by appropriating funds for the State's portion of the federal disproportionate share hospital allowance.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 2008; and
- (2) Making technical, nonsubstantive changes for the purposes of clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2041, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2041, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Chun Oakland, Ige, Baker and Whalen, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Whalen). Representatives Green, Shimabukuro, M. Oshiro and Ward, Managers on the part of the House. Ayes, 3. Noes, none. Excused, 1 (Shimabukuro).

Conf. Com. Rep. No. 123-08 on S.B. No. 1526

The purpose of this measure is to specify that effective July 1, 2008, the salary of the Administrative Director of the Courts shall be identical to that of the Administrative Director of the State, and the salary of the Deputy Administrative Director of the Courts shall be equal to ninety five per cent of the salary of the Administrative Director of the Courts.

Your Committee on Conference finds that due to inadvertent statutory errors that are not resolvable in a timely manner, the unitary salary commission does not have the authority, as intended, to set the salaries of the Administrative Director of the Courts and the Deputy Administrative Director. In lieu thereof, this measure provides a statutory remedy.

Your Committee on Conference has amended this measure by changing the salary of the Administrative Director of the Courts to a range of \$120,000 to \$150,000, and the salary of the Deputy Administrative Director to a range of \$115,000 to \$140,000, as determined by the Chief Justice.

It is the intent of your Committee on Conference that a newly appointed Administrative Director or Deputy Administrative Director should start at the lowest salary within the range.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1526, 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. 1526, S.D. 2, H.D. 3, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Taniguchi, Baker and Slom, Managers on the part of the Senate. Ayes, 2. Noes, none. Excused, 1 (Slom). Representatives Waters, Sonson, M. Oshiro and Meyer, Managers on the part of the House. Ayes, 3. Noes, none. Excused, 1 (Meyer).

Conf. Com. Rep. No. 124-08 on S.B. No. 2218

The purpose of this measure is to require electronic monitoring of persons convicted of violating a domestic abuse temporary restraining order or protective order.

Your Committee on Conference finds that electronic monitoring of violators of temporary restraining orders and protective orders provides an additional measure of protection by alerting a victim if the batterer is within the defined geographic exclusion zone so that the victim may find a safe location.

The intent of your Committee on Conference is to enhance the protections of victims of domestic abuse.

Your Committee on Conference has amended this measure by:

- (1) Clarifying, on the recommendation of the Attorney General, the procedures for the court to:
 - (A) Prohibit the defendant from contacting the protected party by establishing court-defined geographic exclusionary zones, and to order the defendant to wear a global positioning satellite tracking device; and
 - (B) Revoke the probation of the defendant if the court finds that the defendant has entered a geographic exclusionary zone;
- (2) Adding that the court may order the defendant to pay the monthly costs or portion thereof for the electronic monitoring, on the recommendation of the Attorney General, based upon the defendant's ability to pay the monthly costs or a portion thereof;
- (3) Deleting the appropriation; and
- (4) Changing the effective date to July 1, 2008, to be repealed on July 1, 2010.

The intent of your Committee on Conference is that the court consider that many defendants may be indigent without having the financial wherewithal to pay for the cost of a global positioning satellite tracking device. If the defendant is indigent, the court may have to seriously consider not ordering the defendant to wear the tracking device.

Your Committee on Conference believes that electronic monitoring should be a pilot program in order to revisit this measure in two years to ascertain its effectiveness in achieving the intended purpose, and to determine its financial impact on indigent defendants.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2218, 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. 2218, S.D. 1, H.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Taniguchi, Baker and Slom, Managers on the part of the Senate. Ayes, 2. Noes, none. Excused, 1 (Slom). Representatives Shimabukuro, Waters, Rhoads and Ward, Managers on the part of the House. Ayes, 3. Noes, none. Excused, 1 (Ward).

Conf. Com. Rep. No. 125-08 on S.B. No. 2262

The purpose of this measure is to extend the sunset date of the Voluntary Employees' Beneficiary Association Trust pilot program, and to make clarifying amendments to Act 245, Session Laws of Hawaii (SLH) 2005, relating to voluntary employees' beneficiary association trusts.

Your Committee on Conference finds that before the Legislature makes amendments to Act 245, SLH 2005, an actuarial and managerial audit is needed of the Hawaii Employer-Union Health Benefits Trust Fund and of the Hawaii State Teachers Association Voluntary Employees' Beneficiary Association Trust.

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

- (1) Deleting its contents;
- (2) Changing the sunset date of Act 245 to July 1, 2010;
- (3) Directing the State Auditor, in conjunction with the independent financial auditor retained by the Board of Trustees of the Hawaii Employer-Union Health Benefits Trust Fund, to conduct financial and managerial audits of the Hawaii Employer-Union Health Benefits Trust Fund; and
- (4) Based on the findings of the foregoing audit, directing the State Auditor to make findings and recommendations concerning:
 - (A) The benefit cost for each benefit plan and administrative cost for the Hawaii Employer-Union Health Benefit Trust Fund for specific plan years; and
 - (B) The Hawaii State Teachers Association Voluntary Employees' Beneficiary Association Trust for specific plan years.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2262, 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. 2262, S.D. 1, H.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Taniguchi, Baker, Nishihara and Whalen, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Nishihara). Representatives Sonson, M. Oshiro and Finnegan, Managers on the part of the House. Ayes, 2. Noes, none. Excused, 1 (Finnegan).

Conf. Com. Rep. No. 126-08 on H.B. No. 3178

The purpose of this bill is to protect Hawaii's natural resources by:

- (1) Increasing the civil penalty fine amounts for violations on and encroachments upon public lands;
- (2) Authorizing the Board of Land and Natural Resources (BLNR) to assess administrative costs incurred by the Department of Land and Natural Resources and for payment of damages for violations on and encroachments upon public lands;
- (3) Authorizing BLNR to collect additional fines for damage to or theft of natural resources; and
- (4) Exempting persons exercising native Hawaiian gathering rights and traditional cultural practices as authorized by law or the Hawaii Constitution.

Your Committee on Conference has amended this bill by:

- (1) Changing the effective date to upon its approval; and
- (2) Making technical, nonsubstantive amendments for style, clarity, and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 3178, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3178, S.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Hee, Taniguchi, Kokubun and Whalen, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Kokubun). Representatives Waters, Ito, Karamatsu and Thielen, Managers on the part of the House. Ayes, 4. Noes, none. Excused, none.

Conf. Com. Rep. No. 127-08 on H.B. No. 2438

The purpose of this bill is to increase fire safety in Hawaii by requiring that only reduced ignition propensity cigarettes be sold in the state.

Your Committee has amended this bill by, among other things:

- (1) Increasing the number of years from two to three years after which cigarettes certified by this bill must be recertified;
- (2) Increasing the certification fee a manufacturer must pay to the State Fire Council from \$250 to \$350;
- (3) Deleting the provision specifying that cigarettes sold or offered for sale that do not comply with the required performance standard are considered contraband that may be seized with or without a warrant by the Attorney General;
- (4) Specifically charging the State Fire Council with administering requirements for reduced ignition propensity cigarettes;
- (5) Changing the effective date to September 30, 2009; and
- (6) Making technical, nonsubstantive changes for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2438, 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. 2438, H.D. 2, S.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Kokubun, Ige and Taniguchi, Managers on the part of the Senate. Ayes, 2. Noes, none. Excused, 1 (Taniguchi). Representatives Green, Herkes, Waters, Mizuno, Yamane and Ward, Managers on the part of the House. Ayes, 5. Noes, none. Excused, 1 (Waters).

Conf. Com. Rep. No. 128-08 on H.B. No. 94

The purpose of this bill is to establish consumer protections in life settlement transactions where the owner of a life insurance policy transfers the death benefit or any portion of the policy for compensation that is less than the expected death benefit, but more than the surrender value of the policy.

This bill implements the Life Settlements Model Act adopted by the National Conference of Insurance Legislators (NCOIL). Along with regulating permissible life settlement contracts, this bill prohibits stranger-originated life insurance (STOLI) transactions in which, for example, a private investor finances insurance on the life of an unrelated individual in an arrangement that ultimately transfers the policy or death benefits to the investor.

In most cases, the beneficiary of a life insurance policy is someone with an interest in the insured remaining alive, such as the insured's spouse, children, dependents, or business partner. STOLI transactions facilitating the absence of this relationship, or insurable interest, between the insured and the eventual beneficiary contravene the intended purpose of life insurance by allowing investors to initiate life insurance as commodities yielding benefits from the deaths of strangers. This bill seeks to protect life insurance consumers from these practices.

Your Committee on Conference has amended this bill by:

- (1) Replacing its entire contents with the H.D. 1 of this bill, which mainly and substantively differs from the S.D. 2 by applying the definition of STOLI originally adopted by NCOIL;
- (2) Providing for annual license renewals;
- (3) Inserting the following penalty and fee amounts:
 - (A) A maximum \$10,000 civil penalty in addition to the amount of the claim for each violation of this bill's provisions;
 - (B) \$75 for the issuance of a life settlement contract provider's license;
 - (C) \$75 for the issuance of a life settlement contract broker's license;
 - (D) \$75 per year in regulatory service fees for a regularly licensed life settlement contract provider; and
 - (E) \$75 per year in regulatory service fees for a regularly licensed life settlement contract broker;
- (4) Requiring the Insurance Commissioner to report to the Legislature prior to the 2009 and 2010 Regular Sessions, regarding:
 - (A) Issues and concerns relating to the implementation and effects of this bill;
 - (B) The total number and disposition of life settlement cases investigated by the Insurance Commissioner under this bill;
 - (C) An evaluation by the Insurance Commissioner of the effectiveness of this bill in regulating life settlement contracts; and
 - (D) Any recommendations to improve the provisions of this bill;
- (5) Making this bill effective upon its approval, with a sunset date of two years from the date of approval; and
- (6) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 94, 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. 94, H.D. 1, S.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Kokubun, Taniguchi, Ige and Trimble, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Ige). Representatives Herkes, Waters, M. Oshiro and Marumoto, Managers on the part of the House. Ayes, 4. Noes, none. Excused, none.

Conf. Com. Rep. No. 129-08 on H.B. No. 2978

The purpose of this bill is to improve the state's higher education system by, among other things:

- (1) Requiring the University of Hawaii (UH) to prepare an annual incentive and performance report and plan that will assist the Legislature in appropriating up to two percent of UH's annual budget to facilitate UH's strategic plan and related state goals; and
- (2) Establishing a task force (Task Force) to develop an equitable, consistent, and responsive funding formula for the distribution of fiscal resources to the various UH campuses, with the assistance of an independent consultant.

Your Committee on Conference has amended this bill by:

- (1) Clarifying that the Task Force is to be established in UH and will assist UH in developing a budgetary system that includes a funding formula;
- (2) Specifying that the funding formula must:
 - (A) Assign different weights in recognition of the varying costs and revenues relating to educating different categories of students, including the different classifications of students, students who are enrolled in programs that address the major workforce needs of the state, and students with special support needs; and
 - (B) Include an incentive and performance component that recognizes the unique goals and missions of UH's various campuses, as well as the higher education needs of the state;
- (3) Changing the membership of the task force by:
 - (A) Removing the chief financial officer (CFO) for the UH System, or the CFO's designee, as a member and instead designating the CFO or CFO's designee as the liaison between the Task Force and the president of UH;
 - (B) Adding one member to be appointed by the President of the Senate; and
 - (C) Adding one member to be appointed by the Speaker of the House of Representatives;
- (4) Specifying that the Task Force is to select a chairperson by a majority vote of its members;
- (5) Specifying that a majority of the Task Force members constitutes a quorum to conduct business and that the concurrence of the majority of the Task Force members is necessary to validate any action of the Task Force;
- (6) Exempting the Task Force from Chapter 92, Hawaii Revised Statutes (Chapter 92), but requiring it to make a good faith effort to make its proceedings and work products accessible and available to the general public in a manner consistent with the intent of Chapter 92;
- (7) Requiring, rather than allowing, UH to hire a consultant and clarifying that the consultant is to work with the Task Force to develop the funding formula;
- (8) Stipulating that the Task Force is to provide the consultant with the data necessary to develop the funding formula;
- (9) Requiring the Task Force to first submit to the President of UH for approval, a report of its progress, and any findings and recommendations, including those of the consultant, and if approved, requiring UH to submit that report to the Legislature prior to the convening of the Regular Session of 2009;
- (10) Requiring the Task Force to include, as part of its report, a target date for the completion of a funding formula, together with any proposed legislation to establish and implement the funding formula;
- (11) Deleting the appropriation for the hiring of the consultant;
- (12) Changing its effective date to July 1, 2008; and
- (13) Making technical, nonsubstantive amendments for clarity, consistency, and style.

Your Committee on Conference requests that UH and the task force, in its development of the funding formula, consider recognizing that as enrollment rises at one or more institutions but flattens or falls at others, adjustments should be made to base funding allocations.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2978, 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. 2978, H.D. 1, S.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Sakamoto, Tsutsui, Tokuda and Slom, Managers on the part of the Senate. Ayes, 4. Noes, none. Excused, none. Representatives Chang, M. Oshiro, Bertram and Finnegan, Managers on the part of the House. Ayes, 3. Noes, none. Excused, 1 (Bertram).

Conf. Com. Rep. No. 130-08 on H.B. No. 2972

The purpose of this bill is to promote more efficient use of taxpayer investment in public education and provide for the timely consolidation or closure of public schools in Hawaii through an objective and transparent process that:

- (1) Includes the establishment of a Facilities Alignment Commission (Commission) that will:
 - (A) Establish criteria for the selection of public schools to be consolidated or closed; and
 - (B) Recommend, based on these criteria, a list of schools to be consolidated and underused schools to be closed, subject to the review of the Legislature;
 and
- (2) Directs the Board of Education to proceed with the process of consolidating or closing underused schools according to the recommendations of the Commission, if the Legislature does not disapprove of the recommendations in their entirety.

Your Committee on Conference has amended this bill by:

- (1) Changing the requirements for quorum to five members of the Commission, and requiring a majority vote of these members to validate all its actions;
- (2) Changing the termination date of the Commission to upon adjournment sine die of the 2011 regular session, rather than the 2010 regular session;
- (3) Including all schools in the Kaimuki complex, rather than just elementary schools, in the assessment of projected student enrollment on which the school facilities plan is to be based;
- (4) Requiring, in the criteria, consideration of alternative uses of the facilities, land, and property assets of schools proposed to be consolidated or closed, with priority for other educational uses, provided that consideration be given to any action necessary to effectuate an alternative use;
- (5) Requiring BOE to expeditiously implement the recommendations of the Commission, if they are not disapproved by the Legislature; and
- (6) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2972, 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. 2972, H.D. 1, S.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Sakamoto, Tsutsui, Nishihara, Gabbard and Slom, Managers on the part of the Senate. Ayes, 5. Noes, none. Excused, none. Representatives Takumi, Lee, Berg and Finnegan, Managers on the part of the House. Ayes, 4. Noes, none. Excused, none.

Conf. Com. Rep. No. 131-08 on H.B. No. 3386

The purpose of this bill is to:

- (1) Provide procedures in potential conflict of interest situation involving the State Attorney General in the representation of any court or judicial or legislative office of the State;
- (2) Add an exemption for the Department of Taxation (DOTAX) to hire its own attorneys for limited circumstances, on the recommendation of DOTAX; and
- (3) Add a definition of "practice of law" in section 605-14 concerning the unauthorized practice of law.

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

- (1) Deleting section 1 relating to procedures for representation in a case involving a potential conflict of interest on the part of the Department of the Attorney General, as this matter has been addressed in a separate measure already approved by both houses of the Legislature;
- (2) Deleting section 3 defining the practice of law, due to opposition by the Hawaii State Bar Association; and
- (3) Revising section 2 of this measure to provide that any licensed attorney employed by DOTAX, as an administrative rules officer or administrative rules specialist may be designated a special tax counsel for the department to provide certain legal advice and representation, and also requiring public disclosure of legal advice and communications by such persons in accordance with federal law. DOTAX is required by this measure to report to the Legislature annually, concerning the time spent by each such person for each category of work performed.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 3386, 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. 3386, H.D. 1, S.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Nishihara, Taniguchi, Baker, Kokubun and Tsutsui, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 2 (Kokubun, Tsutsui). Representatives Waters, M. Oshiro, B. Oshiro and Finnegan, Managers on the part of the House. Ayes, 4. Noes, none. Excused, none.

Conf. Com. Rep. No. 132-08 on H.B. No. 661

The purpose of Part I of this measure is to create a pilot comprehensive public funding program for elections to the Hawaii county council in 2010, 2012, and 2014.

Part II of this measure:

- (1) Establishes qualifications, limitations on funding and use of funds, and reporting requirements;
- (2) Clarifies that “ordinary and customary” expenditures are allowable under campaign spending law;
- (3) Clarifies what constitutes a “loan” for purposes of the campaign contribution;
- (4) Clarifies campaign spending law relating to electronic filing of reports;
- (5) Clarifies that the campaign spending commission shall not issue rules through an advisory opinion;
- (6) Establishes that in the case of a corporation or company using funds from its own treasury, there shall be a limit of \$25,000 to its own noncandidate committee;
- (7) Clarifies who is subject to administrative fines for violations relating to campaign contributions and expenditures; and
- (8) Increases the amount a candidate can transfer from campaign or surplus funds to a community or charitable organization.

Upon further consideration, your Committee has amended Part I of this measure by:

- (1) Making technical revisions to conform the new pilot comprehensive public funding program for Hawaii county council elections to many of the general requirements and standards of chapter 11, part XII;
- (2) Establishing filing standards and limitations on seed money contributions;
- (3) Establishing registration, reporting, and filing requirements for individuals who use seed money to determine whether sufficient support exists for them to run for office as comprehensive publicly funded candidates, but who have not already registered with the Campaign Spending Commission (CSC);
- (4) Allowing a certified candidate who is an office holder to raise from private contributions pursuant to chapter 11 an aggregate amount of \$2,000 per year when surplus falls below \$4,000, provided that the contributions are received from individuals each with a contribution limit of \$250 per election period;
- (5) Changing from ten days to thirty days the time period for a candidate who has withdrawn to return funds;
- (6) Establishing that if \$300,000 is distributed in conjunction with an election under the pilot project, CSC shall allow certified candidates to accept and spend contributions, subject to section 11-204;
- (7) Providing that a winning primary candidate who does not have an opponent in a general election shall return all unexpended funds to the Hawaii campaign election fund within thirty days of the date of the primary election, except as may be otherwise allowable to retain;
- (8) Clarifying the amounts and timing for disbursement of equalizing funds for a certified candidate opposed by a nonparticipating candidate;
- (9) Eliminating the criminal misdemeanor penalty for failure to file a report by a nonparticipating candidate, and replacing it with a fine amount pursuant to chapter 11, and establishing that a nonparticipating candidate who files a false report concerning independent expenditures shall be subject to penalties under section 11-228 and prosecution pursuant to section 11-229, and any provision of the Hawaii Penal Code;
- (10) Clarifying that expenditures of public funds received as part of the pilot project shall only be made by debit card or checks drawn on the account required by section 11-199(a);
- (11) Clarifying that seed money and qualifying contributions received by a candidate shall be included in the aggregate contributions of individuals for purposes of section 11-204 under certain conditions;
- (12) Deleting provisions relating to creation of an independent review committee and requiring CSC to establish and provide administrative and staff support to such committee;
- (13) Stipulating that the Hawaii election campaign fund shall be under no obligation to provide money to eligible candidates if in the partial public funding program or the pilot project program for the Hawaii county council, the funds are “near depletion,” rather than “have been depleted”; and
- (14) Allowing CSC to determine whether the pilot project program may remain in operation if the Hawaii election campaign fund is close to depletion.

Your Committee has amended Part II of this measure by:

- (1) Deleting the proposed revision to section 11-204, relating to corporate contributions to noncandidate committees;
- (2) Deleting the revision of the term “ordinary and necessary” expenses, in regard to allowable use of campaign funds or surplus funds;

Your Committee has amended Part III of this measure by deleting the section referencing the case *Charmaine Tavares Campaign v. Barbara U. Wong*.

Your Committee notes that although the section of this measure changing the term “necessary” to the term “customary” relating allowable uses of campaign funds and surplus funds was deleted from this C.D.1, [Election Campaign Contributions and Expenditures provisions in Chapter 14.1 of Title 2 Subtitle 1, Hawaii Administrative Rules, includes the following subsection \(f\) in §2-14.1-16:](#)

Authorized campaign expenditures; unauthorized campaign expenditures:

...

(f) Ordinary and necessary expenses incurred in connection with the candidate's duties as a holder of an elected state or county office shall include usual and reasonable expenses, and bear a direct relation to the office; and such expenses shall be absolutely necessary for carrying out the duties of the office. Such expenses may include office equipment or supplies, but not travel or related expenses, food or other professional or personal services. (Emphasis added).

Your Committee wishes to express strong concerns that this rule exceeds statutory authority. In your Committee's view, "necessary" expenditures need not be "absolutely" necessary. Customary gestures of good will and hospitality, such as presenting lei and providing refreshments at a gathering of staff or constituents, are within the bounds of ordinary and necessary expenses. The Committee's view is that the term "ordinary and necessary" should be interpreted in conformance with federal tax law.

Your Committee also notes that section 27 of S.D.3 of this measure, clarifying limitations on contributions from corporations to their non-candidate committees, was deleted from this C.D.1 so that the outcome of the appeal of the case of *Charmaine Tavares Campaign v. Barbara U. Wong, et al.*, Civil No. 06-1-0430, may be reached prior to legislation addressing this issue.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 661, 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. 661, H.D. 1, S.D. 3, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Taniguchi, Tsutsui and Kokubun, Managers on the part of the Senate. Ayes, 2. Noes, none. Excused, 1 (Kokubun). Representatives B. Oshiro, M. Oshiro, Lee, Luke and Marumoto, Managers on the part of the House. Ayes, 4. Noes, none. Excused, 1 (Lee).

Conf. Com. Rep. No. 133-08 on H.B. No. 2763

The purpose of this bill is to continue to develop programs to aid children of incarcerated parents, strengthen the family bond, and help break the cycle of crime and violence by re-establishing the Children of Incarcerated Parents Task Force (Task Force).

Your Committee on Conference has amended this bill by:

- (1) Extending the life of the Task Force to June 30, 2012;
- (2) Requiring the Task Force to submit an additional report prior to the convening of the Regular Session of 2012;
- (3) Deleting provisions providing funding for the Task Force;
- (4) Changing the effective date to upon its approval; and
- (5) Making technical, nonsubstantive changes for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2763, 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. 2763, H.D. 1, S.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Chun Oakland, Espero, Baker and Hemmings, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Hemmings). Representatives Evans, Rhoads, Lee and Finnegan, Managers on the part of the House. Ayes, 4. Noes, none. Excused, none.

Conf. Com. Rep. No. 134-08 on H.B. No. 2781

The purpose of this bill is to reduce the burden that State regulation places on small businesses by:

- (1) Setting forth the rights of small businesses as they interact with and are regulated by state agencies;
- (2) Specifically authorizing the Ombudsman in chapter 96, Hawaii Revised Statutes, to investigate complaints of violations of the foregoing rights; and
- (3) Requiring the Small Business Regulatory Review Board to convene a working group to review whether the procedures related to rulemaking under Hawaii's Small Business Regulatory Flexibility Act adequately address the concerns of small business.

Your Committee on Conference has amended this bill by:

- (1) Removing the provisions specifically authorizing the Ombudsman to investigate complaints of violations of the Small Business Bill of Rights;
- (2) Requiring agencies, under the Small Business Regulatory Flexibility Act, to perform and include in their small business impact statement for proposed rules, a more rigorous examination and justification of rules that impose standards more stringent than those mandated by any comparable or related federal, state, or county laws;
- (3) Changing the effective date to July 1, 2008; and
- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2781, 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. 2781, H.D. 2, S.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Fukunaga, Taniguchi, Tsutsui and Slom, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Slom). Representatives Yamashita, Waters, Tokioka, Wakai and Ching, Managers on the part of the House. Ayes, 4. Noes, none. Excused, 1 (Ching).

Conf. Com. Rep. No. 135-08 (Majority) on H.B. No. 2500

The purpose of this bill is to appropriate supplemental funds for the operating and capital improvement costs of the Executive Branch for fiscal year July 1, 2008, through June 30, 2009.

GENERAL OVERVIEW

Last session, your Committee on Conference crafted a budget reflecting our shared goals, principles, and priorities, which laid the groundwork for the creation of a sustainable Hawai'i, with support for strong families and communities, a healthy economy and environment, and a literate and competent workforce able to compete in the global marketplace. Acutely aware that Hawai'i's strong economic growth of the mid-2000's had begun to cool, your Committee on Conference noted that caution should be exercised when obligating the State to pay for new programs and positions (with their recurring costs) that are not absolutely essential. Your Committee on Conference's cautious approach was well-founded.

Two weeks after adjournment sine die of the 2007 Regular Session, a commentary entitled "Legislature 2007: It was Not a Very Good Year," was published in the May 15, 2007, edition of *The Honolulu Advertiser*. In this commentary, the Governor's senior policy advisor complained that the Legislature did not do enough, specifically criticizing the Legislature's decision not to meet several of the Governor's spending and revenue reduction proposals. It was revealed that the Governor wanted to:

- Spend \$275,000,000 to build and improve public housing, while the Legislature provided \$112,000,000 (a difference of \$163,000,000); and
- Provide \$350,000,000 in tax cuts, while the Legislature provided \$82,000,000 (a difference of \$268,000,000).

In other words, the Legislature did not approve \$431,000,000 in spending and revenue reductions that the Governor wanted. However, a mere seven months later in her state-of-the-state address on January 22, 2008, the Governor stated that, "although the economy remains fairly strong, the bottom line is that since May of last year when the Legislature adopted the biennium budget, tax revenue estimates have declined by \$353,000,000."

Had the Legislature followed the Governor's spending plan, Hawai'i would now be facing a \$784,000,000 shortfall.

STATE OF THE ECONOMYHAWAI'I'S ECONOMY HAS SLOWED

After strong economic growth in the mid-2000s — peaking with double-digit growth rates in fiscal year 2005 (16 per cent) and 2006 (10.9 per cent) — Hawai'i's economy slowed sharply in 2006 and 2007. In February 2008, a distinguished local economist commented that, "[a]ll indications now are for slower growth in Hawai'i's near future."

Real impacts were felt soon after this prediction. On March 31, 2008, after 61 years of operation in Hawai'i, Aloha Airlines announced the shut down of its passenger service; on April 2, 2008, ATA Airlines announced the shut down of all operations after 25 years of operation; and on April 5, 2008, Molokai Properties Limited (commonly known as Molokai Ranch), with a history dating back 145 years, also announced the closure of its operations. In addition, as noted by one of Hawai'i's daily newspapers on March 30, 2008, "Hawai'i mortgage delinquencies ratcheted up last year and show no indication of slowing this year as economic growth weakens, inflation remains strong and home values flatten." Furthermore, the Department of Business, Economic Development & Tourism, in its latest estimates, anticipates a 12.2 per cent decrease in total visitor arrivals, as compared to April of last year.

Clearly, these are difficult economic times. Hawai'i's economy has slowed substantially, and the State's budget must account for this economic slowdown.

COUNCIL ON REVENUES

At its March 12, 2008 meeting, the Council on Revenues lowered its January forecast of the general fund tax revenues for fiscal year 2007-2008 from 4.9 per cent to 3.9 per cent. It is important to note that each percentage point represents approximately fifty million dollars. The Council did not adjust its January forecast for fiscal year 2008-2009 through fiscal year 2012-2013. However, as those projected increases are from a smaller base, general fund revenues in each of those fiscal years will be lower as well.

For fiscal year 2006-2007 through fiscal year 2008-2009, combined, based on the Council on Revenues' forecasts between March 2007 (the basis for the balanced budget passed by the Legislature last year) and March 2008, the budget has to account for a \$487,000,000 shortfall in actual and projected general fund revenues. In other words, between last year and this year, the State has lost almost five hundred million dollars in general fund revenues.

In light of the Council on Revenues' recent forecasts, your Committee on Conference is remaining cautious. Your Committee on Conference is projecting that revenues will continue to decline, settling somewhere around 3.5 per cent, and has adjusted expenditures herein accordingly.

INFLATION

The Governor still contends that Hawai'i's economy is growing, albeit more slowly. Spinning the economic growth issue in this manner does a disservice to Hawai'i's people by creating the false impression that Hawai'i's economy is growing in real dollars.

The truth is that inflation is eating up most, if not all, of Hawai'i's increase in general fund revenues. In its latest quarterly report, the Department of Business, Economic Development & Tourism stated that the Honolulu Consumer Price Index is expected to rise 4.0 per cent in 2008. Therefore, considering the Council on Revenues' projection of 3.9 per cent growth for fiscal year 2007-2008, Hawai'i's real (inflation-adjusted) growth projection is closer to zero for the fiscal year.

Indeed, the effects of inflation are seen throughout the executive supplemental budget bill and in several emergency appropriation bills submitted by the Governor requesting supplemental funds to cover increased costs for energy, food, health care services, repair and maintenance, and other necessary goods and services.

As the state Comptroller acknowledged in testimony, world oil prices have been steadily increasing, causing electricity rates to go up. However, even with that acknowledgment, the Governor continues to assume oil prices of \$70 a barrel in estimating and budgeting for energy costs, while in reality, oil prices are now over \$110 a barrel. The Governor's consistently low estimates for energy costs have resulted in *annual* requests for emergency appropriations to cover actual costs. We expect that the Governor will *again* have to request emergency appropriations to cover actual energy costs next year. This is just one area where the Governor does not appear to have updated her financial plan. This creates a flawed picture of the true cost of government and the resources required in future years.

Finally, your Committee on Conference takes heed of the University of Hawai'i Economic Research Organization's warning that, this year, "inflation will continue to be relatively high because of the recent sharp spike in oil prices and high food prices which will take some time to recede." Considering all of these factors, Hawai'i's real growth is not in positive, but negative numbers for the near term.

NATIONAL ECONOMIC OUTLOOK

Growth of United States economic output (real gross domestic product) slowed to a meager 0.6 per cent annual rate in the final quarter of 2007, according to the "advance" estimate released by the United States Commerce Department on January 30, 2008. The weakest parts of the economy in the fourth quarter were sectors affected directly or indirectly by the national housing downturn.

Residential fixed investment fell at an annual rate of 23.9 per cent, the steepest decline yet in the two-year slide, and growth of personal consumption expenditures slowed to an annual pace of two per cent — presumably weighed down by loss of housing equity and related concerns. The labor market also showed serious recent signs of weakness, largely because of job losses in residential construction and related areas (including housing finance).

These factors have all added to recession worries among financial market participants and policymakers in Washington, D.C. Additionally, the University of Hawai'i Economic Research Organization's March 21, 2008, forecast for the United States economy "implies a relatively mild recession by historical standards, but with a similarly restrained pace of economic recovery."

FISCAL CONDITIONS IN OTHER STATES

In its April 2008 State Budget Update, the National Conference of State Legislatures (NCSL) noted that, with few exceptions, state finances are doing poorly. Legislatures are struggling to keep fiscal year 2007-2008 budgets in the black in addition to balancing fiscal year 2008-2009.

The debate on whether or not the national economy is in recession is moot for many states, as revenues have declined dramatically. NCSL notes that for many states, the declining revenues for fiscal year 2007-2008 are a result of budgets built on revenue assumptions that did not materialize.

There are spending overruns in about a quarter of the states for fiscal year 2008-2009. Examples of those overruns are unbudgeted increases in education spending, increases in juvenile justice programs, Medicaid shortfalls, and rising energy costs.

Sixteen states are dealing with budget gaps in fiscal year 2007-2008, and twenty-three states are reporting projected shortfalls in fiscal year 2008-2009. Their cumulative shortfall is \$26 billion. To address this shortfall, states are engaging in the following actions:

- Reducing spending, and in some cases, eliminating programs;
- Using rainy day funds, and in some cases, the entire fund balance;
- Transferring from other state funds to the general fund;
- Tax or fee increases; and
- Selling assets, such as unclaimed property.

In short, the revenue picture in about half of the states is considerably worse than it is in Hawai'i. However, it would be wise to take note of their situations and be aware of the potential impacts on Hawai'i's economy. Given the added likelihood of a recession for the national economy, it is imperative that state government exercise fiscal restraint.

LIMITED STATE RESOURCES

APPROACH

With considerably lower than projected general fund revenues available, your Committee on Conference sought to preserve and ensure essential health and safety funding in this supplemental budget. However, limited resources and problems created by the Governor provided many challenges for your Committee on Conference as it finalized the budget.

Your Committee on Conference had to make reductions to the Governor's supplemental budget through a combination of denying requests, making vacancy adjustments, and reducing the departments' general fund non-fixed cost "discretionary" budget appropriations. In addition, your Committee on Conference also dealt with the rather late concerns raised by the Charter Schools Administrative Office and the Director of Human Services misinforming recipients of federal assistance.

VACANCIES

Regarding vacancy adjustments, your Committee on Conference generally considered only those positions that have been vacant since June 30, 2007, or longer. Your Committee on Conference did not eliminate any position counts, unless those position counts were trade-offs for new positions. This approach affords more flexibility, allowing departments to fill those positions when economic times are more favorable. Your Committee on Conference further notes that funds were not taken from positions filled with eighty-nine-day hires and vacancy savings was focused on general funded positions.

DISCRETIONARY REDUCTIONS

In an effort to reduce spending, your Committee on Conference reduced the departments' general fund discretionary appropriations by an average of four per cent, with a range of two and a half per cent to five per cent. In making these reductions, your Committee on Conference considered the ability of the individual departments to sustain the level of reduction imposed in this supplemental budget. Your Committee on Conference notes that while these reductions are mostly from each department's administrative program, it is not the intent of your Committee on Conference to cripple department administrative programs. It is intended that the departments determine where to take these reductions and transfer money internally to meet the fiscal requirement of aligning expenditures with revenues.

REDUCTIONS TO DEPARTMENTS

There are many state agencies that received a dramatic decrease in general funds in this supplemental budget. The following chart is provided to illustrate these decreases:

<u>Department</u>	<u>Act 213/07 FY 08-09</u>	<u>Governor's Request</u>	<u>HB 2500 CD1</u>	<u>CD1-Gov</u>
Agriculture	17,294,198	17,294,198	16,482,274	(811,924)
DAGS	72,865,946	74,039,337	70,258,851	(3,780,486)
Attorney General	29,690,945	30,242,356	28,266,723	(1,975,633)
DBEDT	11,653,903	12,378,903	11,236,808	(1,142,095)
Budget & Finance	696,053,945	656,631,541	654,483,303	(2,148,238)
DCCA				
Defense	12,019,959	16,865,141	16,251,999	(613,142)
DOE Schools	1,404,906,145	1,402,224,733	1,394,564,070	(7,660,663)
Libraries	30,879,661	30,879,661	29,967,463	(912,198)
Charter Schools	51,635,990	56,150,695	57,745,483	1,594,788
DOE Fixed Costs	637,285,207	708,356,753	708,356,753	-
Governor's Office	3,894,690	3,894,690	3,712,323	(182,367)
Hawaiian Homelands	920,520	920,520	883,699	(36,821)
Human Services	776,011,204	781,076,693	772,444,406	(8,632,287)
Human Resources	16,844,870	16,844,870	16,539,593	(305,277)
Health	499,445,083	517,473,146	509,674,328	(7,798,818)
Labor	18,159,145	18,224,145	17,230,169	(993,976)
Land and Nat. Res.	33,008,346	34,532,761	32,743,127	(1,789,634)
Lt. Governor's	1,261,138	1,261,138	1,229,610	(31,528)
Public Safety	219,503,916	224,878,138	223,189,934	(1,688,204)
Subsidies to Counties	580,000	580,000	580,000	-
Taxation	25,084,470	25,674,470	24,072,043	(1,602,427)
Transportation				
University	714,532,333	732,552,861	728,299,688	(4,253,173)
Total	5,273,531,614	5,362,976,750	5,318,212,647	(44,764,103)

The first column represents the fiscal year 2008-2009 general fund budget, as provided for in Act 213, Session Laws of Hawai'i 2007. The second column lists the Governor's current budget submittal, as amended by Governor's Messages. The third column lists department totals as represented in this Conference Draft of the budget, and the fourth column represents the dollar difference between the second and third columns.

TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF)

In addition to these general fund reductions, your Committee on Conference is concerned about the unsustainable rate of expenditure of federal TANF funds and its cash reserves as proposed by the Governor. The expenditure plan proposed by the Governor for fiscal year 2008-2009 would expend all of the \$98.9 million in the TANF block grant and \$40 million of the cash reserve. The only reason that Hawai'i is able to spend more than it receives is because of its pre-existing TANF reserve fund. However, your Committee on Conference notes that at the end of the current fiscal year, the reserve fund is projected to total \$60 million.

If the Administration continues to spend \$43 million from the TANF reserve, the reserve would be completely depleted in a year and a half. At that time, state expenditures of federal TANF funds would have to be reduced to a sustainable level of \$98.9 million, a decrease of \$43 million. With no reserve funds, there is no other option but to dramatically decrease spending.

On April 18, 2008, the Governor affirmed her position on continuing to expend TANF reserve funds in her "Pic of the Week" section on her website, where she agreed with the Director of Human Services, that:

[T]he state should put all its federal Temporary Assistance for Needy Families (TANF) funding to work on initiatives that prevent and reduce family poverty.

Most other states share this philosophy and keep only a negligible amount of TANF funding in reserve. This is a fiscally sound approach, because TANF dollars lose their flexibility when kept in reserve and thereafter can only be used for cash assistance to needy families.

In correspondence received from the NCSL, your Committee on Conference notes the following as an example of the potential outcome of the Governor's approach to the expenditure of TANF funds:

Louisiana provides an instructive counter-example. When they identified large TANF carryover funds in [federal fiscal year] 2001, they adopted an aggressive plan to spend down the funds on a variety of TANF initiatives. They spent most of their carry-over funds down in three years and had to make cuts of over \$60 million (out of a \$280 million state and federal TANF budget) in 2005. They eliminated a number of promising initiatives, including youth programs, prisoner re-entry programs and fatherhood programs, just as those initiatives were coming up to speed and showing real promise. State policymakers described the process as wrenching, but they just did not have state money to make up for the loss of available TANF dollars. Community officials, public, non-profit, and private, complained about state officials pulling the plug on good, new programs without their even looking to see if the programs were working.

To avoid the path taken by Louisiana, your Committee on Conference has decided to take a fiscally responsible approach by decreasing federal TANF spending by \$22.6 million. To reduce spending, your Committee on Conference decreased:

- \$11.8 million in purchase of service contracts for out-of-wedlock pregnancies and to encourage the formation and maintenance of two-parent families;
- \$7 million for purchase of service contracts for child welfare;
- \$5.9 million for the child care development fund;
- \$5.6 million in uncommitted funds;
- \$3 million for work and work support programs; and
- \$1 million for cash assistance payments.

In your Committee on Conference's TANF expenditure plan, funding of \$44 million is still provided for cash assistance to needy families, \$23 million for work and work support programs, \$3.8 million for Enhanced Healthy Start programs on all islands (child welfare), \$2.8 million for Uniting Peer Learning and Integrating New Knowledge (UPLINK), a highly effective positive youth development program for middle school students, \$3.5 million for various purchase-of-service contracts, \$1 million to reduce the incidence of out-of-wedlock pregnancies and encourage the formation and maintenance of two-parent families, \$400,000 for after school hours programs for youth, and other TANF funds to address issues such as Administration and Social Services Block Grant funding.

As a transition to a more prudent approach to TANF expenditures, especially in light of our current economic climate when TANF reserves may be needed for cash assistance, your Committee on Conference is spending \$17 million from the TANF reserve fund for those additional services. As a point of reference, the Governor's expenditure plan would have expended \$40.6 million from the TANF reserve. Unlike the Governor's plan, your Committee on Conference's approach will leave the TANF reserve with \$44 million in fiscal year 2008-2009 (or one year's worth of cash assistance payments), providing the State with flexibility as it faces more difficult economic times.

Your Committee on Conference realizes that a real impact will be felt as a result of these reductions. However, the choice is simple: decrease spending by \$22.6 million now and keep a reserve for times of need; or continue to spend and face a \$43 million decrease in spending a year and a half from now, with no reserve whatsoever.

GRANTS-IN-AID (GIA)

For the first time in at least ten years, there will be no GIA in the operating budget. Not only did your Committee on Conference lack the resources to provide for GIA, your Committee on Conference realized that the Governor does not support these organizations and would not release the funds, even if they were appropriated by the Legislature. Your Committee on Conference notes that there are currently sixty-six organizations waiting for the Governor to release over \$9.4 million previously appropriated in the operating budget by the Legislature for fiscal year 2007-2008.

CHARTER SCHOOLS

In stark contrast to the aforementioned reductions, the budget for charter schools has increased. From last year's appropriation of \$51,635,990 in general fund support for charter schools, this budget appropriates \$57,745,483, an increase of 11.83 per cent. This amount is also \$1,594,788 more than the Governor's budget proposal.

THE GOVERNOR'S APPROVED SUPPLEMENTAL BUDGET

The Charter Schools Administrative Office (CSAO) requested \$19,273,076 in additional funds from the Governor. However, the Governor approved only \$4,514,705 in her supplemental budget request to the Legislature. Both the House Committee on Finance and the Senate Committee on Ways and Means concurred with this amount in their respective drafts of the budget. In addition, both committees did not impose any budget reductions on charter schools as approved by the Governor. In contrast, the Department of Education (DOE) received a reduction of \$8,455,255 in the House draft and \$7,328,346 in the Senate draft, as compared to last year.

It is important to note that the Governor's budget for charter schools was published in mid-December. Additionally, the House draft of the budget for charter schools was completed and made public in early March. The Senate draft of the budget for charter schools was made public in early April. Each of these budgets includes the same increase for charter schools for fiscal year 2008-2009 - \$4,514,705. The CSAO and the charter schools had ample time to review their budget calculations. Additionally, the Chief Financial Officer of the CSAO acknowledged this discrepancy in his correspondence with members of both the House Finance and Senate Ways and Means Committee staff in late January.

ARBITRARY REDUCTION

Nearly two months later, on March 31, 2008, a request was made by the Executive Director of the CSAO to both the House Finance and Senate Ways and Means Chairpersons to transfer funds from Comprehensive Student Support Services (EDN150) to the charter school budget in EDN600. It is important to note that EDN150 provides for the special education needs of all public school students, whether they are in a DOE school or in a charter school.

NO GOVERNOR'S MESSAGE

In response, on April 4, 2008, both the House Finance and Senate Ways and Means Chairpersons requested that the Governor provide a Governor's Message to confirm her support for this transfer or to request additional funding for charter schools. No such Governor's Message was received.

NON-RECURRING

In the closing days of Conference negotiations, charter school students, parents, faculty, and staff heavily petitioned members of the Conference Committee to increase the charter schools' budget. In response, your Committee on Conference has reduced funding for the employer's share of health benefits payments by \$1,594,788 and is providing that money as a one-time stop-gap funding measure for charter schools. This leaves the charter schools' budget at \$57,745,483, an increase of \$6,109,493 from fiscal year 2007-2008. In contrast, the budget for the rest of the State's lower education system has decreased by approximately \$7 million from fiscal year 2007-2008.

CHARTER SCHOOL REVIEW PANEL (CSRP) APPROVES NEW SCHOOL

To exacerbate the situation, the CSRP recently approved a new charter school, allowing 250 new students to enter the system. This would have the effect of lowering the current per pupil amount for existing charter schools. Your Committee on Conference hopes that the CSRP will consider the fiscal situation of the charter school system and the State when it next considers approving new charters.

FUNDING FORMULA

Finally, the formula used to determine the charter schools' general fund request is established in section 302B-12, Hawai'i Revised Statutes. This formula has been the subject of much debate in recent years. Your Committee on Conference notes that in last year's committee report for the House draft of the budget, concerns were raised with regard to fringe costs. It appeared that costs for health benefits and pension accumulation were included in the calculation of the DOE's spending amount. Despite these funds not being a part of the DOE's budget, their inclusion in the per-pupil calculation for DOE inflated the per-pupil calculation for charter schools.

At the end of last year's legislative session, it was ultimately decided to agree with the Governor's request for charter schools, despite the fact that the per-pupil calculation included these fringe costs and was therefore an over-estimation. In addition, the funding formula was changed in hopes of clarification. However, it appears that confusion still persists in this calculation, as a variety of different figures relating to per-pupil calculations have appeared this year, each yielding a different result.

Your Committee on Conference wishes to reiterate that this funding approach is intended to be a one-time non-recurring fix. It is incumbent on all parties, working together during the legislative interim, to craft an understandable formula for determining the charter schools' operating general fund budget. Your Committee on Conference hopes that this formula will allow a simple comparison of the operating general fund support level for both charter schools and DOE schools.

CAPITAL IMPROVEMENT PROGRAM

Mindful of a slowing in the State's economic growth, your Committee on Conference has taken an approach to capital investment that both recognizes fiscal uncertainty and helps to blunt its impact in coming years by providing an economic stimulus without unduly burdening the State with debt. For fiscal year 2008-2009, the Executive request for the capital improvement program was \$1,494,835,000 for General Obligation (G.O.) and General Obligation Reimbursable (G.O.R.) bond funds. Your Committee on Conference provided slightly less than that amount for a total of \$1,490,000,000 in G.O. and G.O.R. financing. In all means of financing, this budget provides \$3,978,910,000 for capital improvement program projects statewide.

Education

Investing in the aging infrastructure of our public schools was the primary focus of your Committee on Conference. For fiscal year 2008-2009, your Committee on Conference provided \$310,193,000 to the Department of Education in G.O. and G.O.R. financing, including:

- \$100,000,000 for whole school classroom renovations statewide;
- \$66,461,000 for school building repair and maintenance; and
- \$49,020,000 for cesspool remediation to assist the Department of Education in meeting an Environmental Protection Agency mandate.

Your Committee on Conference has taken note of the alarming state of some facilities within the University of Hawaii system and provided \$161,446,000 for fiscal year 2008-2009 by all means of financing for capital improvements in the university system. Included in that total are:

- \$35,883,000 for renovation of the University of Hawaii at Manoa Campus Center Complex;
- \$60,000,000 for system wide capital renewal, deferred maintenance, and health and safety measures; and
- \$25,000,000 for a new science building for the Maui community college campus.

Transportation

An efficient system of harbors and airports is vital to the flow of people and goods to, from and within Hawaii. Your Committee on Conference provided an investment of \$124,375,000 in revenue bond funds for harbor modernization projects and an additional \$130,236,000 for airport modernization. In order to maintain and improve our highway system, your Committee on Conference provided a total of \$183,066,000 by all means of financing for fiscal year 2008-2009.

Energy Efficiency

Your Committee on Conference recognized that energy efficiency is an investment that pays for itself and, to that end, provided \$17,460,000 for energy conservation and efficiency projects throughout the State for fiscal year 2008-2009.

Housing

The lack of affordable housing and the resultant homelessness are major concerns of your Committee on Conference. Appropriations to address the issue include a total infusion of \$25,000,000 in general obligation bond funds into the Rental Housing Trust Fund and the Dwelling Unit Revolving Fund in order to finance additional affordable housing. Your Committee on Conference also provided \$1,454,000 in general obligation bond funds for the Kaloko Housing Program in West Hawaii and \$26,000,000 to finalize the purchase of the Kukui Gardens project.

CONCLUSION

Given substantially lower than projected general fund growth for fiscal year 2007-2008, your Committee on Conference has crafted an honest, responsible and sustainable supplemental budget. This budget does not create false impressions and should not give rise to false expectations.

In total (all means of financing), this supplemental budget appropriates \$10,789,367,663 in fiscal year 2008-2009. Specifically regarding general fund appropriations, this budget appropriates \$5,318,212,647 in fiscal year 2008-2009. Compared with the budget request submitted by the Governor in December 2007, as adjusted by Governor's Messages throughout this legislative session, this budget represents a decrease of \$44,764,103 in fiscal year 2008-2009 in general fund appropriations.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, 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.

Signed by the Chairs on behalf of the Committee. Senators Baker, Tsutsui, Chun Oakland, English, Fukunaga, Hooser, Inouye, Kim, Menor, Tokuda, Hemmings and Whalen, Managers on the part of the Senate. Ayes, 11. Noes, 1 (Hemmings). Excused, none. Representatives M. Oshiro, Lee, Awana, Belatti, Brower, Carroll, Hanohano, Har, Karamatsu, Magaoay, Manahan, Mizuno, Nakasone, Rhoads, Sagum, Tokioka, Meyer, Pine and Ward, Managers on the part of the House. Ayes, 18. Ayes with Reservations, 3 (Meyer, Pine, Ward). Noes, none. Excused, 1 (Nakasone).

Conf. Com. Rep. No. 136-08 on H.B. No. 2700

The purpose of this measure is to provide the Judiciary with the supplemental appropriations and authorizations for its operations and capital improvements for fiscal year 2008-2009.

Your Committee on Conference provided an additional \$6,349,251 in general funds and \$53,000 in special funds, increasing the Judiciary's total budget for fiscal year 2008-2009 to \$152,392,779.

In light of the most recent financial projections for the State, your Committee on Conference took a conservative approach in providing funding for fiscal year 2008-2009, yet prioritized safety and security concerns. The following items were provided to the Judiciary to address these concerns:

- (1) \$111,479 in general funds to replace security metal detectors and x-ray machines;
- (2) \$120,560 in general funds to replace air conditioner condenser water pipes;
- (3) \$450,400 in general funds to replace carpeting; and
- (4) \$442,472 in general funds for risk management purposes.

Your Committee on Conference recognizes the need to support the Judiciary in its efforts to provide services to the public and has provided the Judiciary with the following items to expand vital services and programs:

- (1) \$28,000 in general funds to provide medical care to juveniles housed at the state detention facility;
- (2) \$416,000 in general funds for increased psychiatric/psychological fees;
- (3) \$443,064 in general funds to expand the Maui/Molokai Drug Court;
- (4) \$215,637 in general funds and four positions to expand the Hamakua North/South Kohala court;
- (5) \$110,000 in general funds to expand court interpreter services;

- (6) \$1,935,658 in general funds for contracted guardian ad litem and court-appointed counsel fees; and
- (7) \$150,000 in general funds to expand existing domestic violence services.

In order to provide access to legal services for those who otherwise cannot obtain them, your Committee on Conference also provided the Judiciary with \$1,767,683 for the following grants-in-aid service providers: Legal Aid Society of Hawaii, Volunteer Legal Services, Hawaii Family Law Clinic, Children's Alliance of Hawaii, and Na Loio.

Your Committee on Conference focused its attention on completion of the Kapolei Judiciary Complex Phase I and providing necessary renovation and repair of existing facilities statewide for fiscal year 2008-2009. A total of \$14,260,000 in general obligation bond funds was provided for the Judiciary for fiscal year 2008-2009, including:

- \$9,225,000 for equipment for the Kapolei facility;
- \$4,360,000 for improvements necessary for public safety, access and operational efficiency at state court facilities; and
- Funds to begin planning for a status offender shelter and juvenile services center at the current site of the juvenile detention facility moving to Kapolei.

Finally, your Committee on Conference made technical amendments for purposes of clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2700, 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. 2700, H.D. 1, S.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Taniguchi, Baker, Tsutsui and Slom, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Slom). Representatives Waters, M. Oshiro and Meyer, Managers on the part of the House. Ayes, 3. Noes, none. Excused, none.

Conf. Com. Rep. No. 137-08 on H.B. No. 118

The purpose of this bill is to authorize the issuance of general obligation bonds to finance projects for the executive branch and the judiciary.

Your Committee finds that the total amount of principal and interest estimated for the general obligation bonds authorized under this measure, and for all bonds authorized and unissued and calculated for all bonds issued and outstanding, will not cause the debt limit of the State 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 measure by:

- (1) Inserting the appropriate amounts provided by the Department of Budget and Finance; and
- (2) Making technical, nonsubstantive amendments for style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 118, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 118, S.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Baker, Tsutsui and Hemmings, Managers on the part of the Senate. Ayes, 2. Noes, none. Excused, 1 (Hemmings). Representatives M. Oshiro, Lee and Ward, Managers on the part of the House. Ayes, 3. Noes, none. Excused, none.

Conf. Com. Rep. No. 138-08 on H.B. No. 2739

The purpose of this bill is to encourage the establishment and growth of agricultural businesses within Hawaii's enterprise zones (EZs) by amending the EZ law to recognize the unique challenges faced by this industry. This bill:

- (1) Makes businesses that process agricultural products eligible for EZ benefits;
- (2) Includes as full-time employees, leased employees and persons employed under a joint employment arrangement;
- (3) Allows agricultural businesses, as an alternative to increasing the number of their full-time employees, to qualify for EZ benefits by increasing gross sales of agricultural crops or products processed by two percent annually;
- (4) Allows agricultural businesses to qualify for EZ benefits by counting retail sales of value-added products made from crops grown in the EZ toward the 50 percent of gross receipts derived from business activities within the EZ that is required to obtain benefits; and
- (5) Allows agricultural businesses whose activities are disrupted by storms, droughts, and other force majeure events to remain eligible for EZ benefits during the period of disruption.

This bill also disqualifies agricultural businesses other than those engaged in producing genetically engineered products from the EZ general excise tax exemption for retail sales.

Your Committee on Conference has amended this bill by:

- (1) Providing that for a business engaged in processing agricultural products to be considered a qualified business, some or all of the products processed must be grown within an EZ;
- (2) Providing that the new employment requirements for businesses located in an area that becomes an EZ will only apply to EZs established after the effective date of the bill, to protect businesses that are meeting employment requirements under existing law;
- (3) Changing the effective date to July 1, 2008; and
- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2739, 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. 2739, H.D. 1, S.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Tokuda, Fukunaga, Baker and Hemmings, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Hemmings). Representatives Yamashita, Tsuji, M. Oshiro and Meyer, Managers on the part of the House. Ayes, 3. Noes, none. Excused, 1 (Meyer).

Conf. Com. Rep. No. 139-08 on H.B. No. 3377

The purpose of this bill is to promote safety on Hawaii's roadways by, among other things:

- (1) Requiring the installation of an ignition interlock device on the vehicle of a person arrested for driving under the influence of an intoxicant (DUI) in order to prevent the person from starting or operating a motor vehicle with more than a minimal alcohol concentration while the person's case is pending and the person's license is revoked pursuant to chapter 291E, Hawaii Revised Statutes;
- (2) Establishing the Ignition Interlock Special Fund to be administered by the Department of Transportation (DOT) to fund the costs of installing and operating ignition interlock systems in vehicles of persons who are required to install these devices in their vehicles but who are indigent;
- (3) Stipulating that surcharges on offenders and fees on vendors shall be deposited into the Ignition Interlock Special Fund;
- (4) Providing for certification of ignition interlock devices and vendors who install and maintain them;
- (5) Requiring the cost of the installation and maintenance of an ignition interlock to be borne by the defendant;
- (6) Amending various penalties and conditions related to driver's licenses and operating a vehicle under the influence of an intoxicant;
- (7) Specifying that the ignition interlock device must be installed during the period in which the driver is released on bail, recognizance, or supervised release;
- (8) Allowing the issuance of permits authorizing the use of vehicles without ignition interlock devices if the operation of a vehicle is required for employment, specifying the conditions which must be met prior to the issuance of these permits, and stipulating when permits shall not be issued; and
- (9) Establishing the Hawaii Ignition Interlock Implementation Task Force (Task Force) to plan for the implementation of ignition interlock provisions contained in this bill and prepare reports and recommendations for the Legislature, including any additional proposed legislation to implement this program; and
- (10) Appropriating funds from the Driver Education and Training Special Fund for the Task Force to carry out its responsibilities, since driver education and behavior modification are key objectives of this measure.

Hawaii had the second highest percentage of alcohol-related traffic fatalities in the nation in 2005. Sadly, it appears that this statistic worsened despite efforts to curb this type of behavior because in 2006, Hawaii's alcohol-related traffic fatality rate of 52 percent was the highest in the nation. While enforcement of existing laws governing DUII has had an impact on alcohol-related traffic fatalities, more needs to be done to substantially reduce the number of fatalities.

In response to these alarming numbers, H.C.R. No. 28, H.D. 1, was passed during the 2007 Legislative Session, calling for a working group to be formed to study the issue of ignition interlock devices and make recommendations leading to legislation. This measure is a result of the initial work of this working group.

Ignition interlock devices, which prohibit a vehicle from being started until the driver of the vehicle passes a breathalyzer test that is connected to the ignition of the vehicle, may be one way to stop alcohol-impaired drivers from getting behind the wheel of their vehicles. Your Committee on Conference believes that installation of this device on motor vehicles of individuals arrested for DUII would be one step toward stopping the senseless tragedies of alcohol-related traffic fatalities.

Your Committee has amended this bill by:

- (1) Clarifying that the certification of ignition interlock devices and vendors who install and maintain them shall be a "nationally recognized certification organization" rather than specifying the organization to be "Underwriters Laboratory Inc.";
- (2) Reinserting language that allows for ninety-day prompt suspension of license and privilege to operate a vehicle during the suspension period, or for the court to impose, in lieu of the ninety-day prompt suspension of license, a minimum thirty-day prompt suspension of license with absolute prohibition from operating a vehicle and, for the remainder of the ninety-day period, a restriction on the license that allows the person to drive for limited work-related purposes and to participate in

substance abuse treatment programs for a first time offense or any offense not preceded within a five-year period by a conviction;

- (3) Allowing the courts additionally flexibility in sentencing first time DUI offenders to license suspension or license revocation and installation of an ignition interlock device;
- (4) Stipulating that \$50,000 shall be appropriated out of the Driver Education and Training Special Fund and placed into the State Highway Fund and that \$50,000 shall be appropriated out of the State Highway Fund to support the work of the Task Force;
- (5) Inserting language exempting persons convicted of a first offense of highly intoxicated driving from the financial responsibility (SR22) requirement; and
- (6) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 3377, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3377, S.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Gabbard, Taniguchi, Tsutsui, English and Trimble, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 2 (Taniguchi, Trimble). Representatives Souki, Waters, Har and Meyer, Managers on the part of the House. Ayes, 3. Noes, none. Excused, 1 (Meyer).

Conf. Com. Rep. No. 140-08 on H.B. No. 2531

The purpose of this bill is to protect the health, safety, and well-being of the residents of West Maui by requiring the Department of Transportation to develop a West Maui transportation access plan, which can serve as a model for developing plans in other areas having similar problems, such as West Kauai, Waianae, and the Kealahou area. Specifically, this measure:

- (1) Creates a temporary West Maui Transportation Access Plan Working Group (Working Group), within DOT, to develop and submit a plan to the Legislature prior to the regular session of 2009;
- (2) Designates the members of the Working Group;
- (3) Allows the Working Group to contract with a consultant to develop the plan; and
- (4) Appropriates an unspecified amount of funds to develop the plan, including the hiring of a consultant.

Many rural areas around Hawaii are accessible by a single roadway or highway. One of those areas, West Maui, is only accessible through one major highway. Closure of this highway can occur at a moment's notice due to incidents that do not rise to the level of a major emergency. In fact, over the last couple of years, the highway has been closed for extensive periods due to wildfires in the area. These closures have resulted in the residents of West Maui being effectively "cut off" from the rest of the island. Developing a model plan for West Maui can serve other areas of the State that face similar problems.

Your Committee on Conference has amended this measure by:

- (1) Appropriating \$50,000 for the Working Group to develop the plan, including the hiring of the consultant;
- (2) Changing the effective date of the appropriation amount to July 1, 2008; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2531, 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. 2531, H.D. 1, S.D. 2, C.D. 1.

Signed by the Chairs and the Senate President on behalf of the Committee. Senators English, Nishihara, Baker and Trimble, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Trimble). Representatives Souki, Carroll, McKelvey and Pine, Managers on the part of the House. Ayes, 4. Noes, none. Excused, none.

Conf. Com. Rep. No. 141-08 on H.B. No. 357

The purpose of this bill is to increase the safety of pedestrians, especially those who are elderly, by appropriating general funds for the Department of Transportation (DOT) to:

- (1) Work with the counties and nonprofit organizations to take immediate action to make high-risk crosswalks and roadways safer;
- (2) Conduct a study to identify intersections at which the time for crossing is too short for elderly pedestrians; and
- (3) Develop additional plans to make crosswalks and roadways safer for all pedestrians.

This measure also stipulates that the study conducted by DOT focus on several key points and that DOT submit a report of its findings, accomplishments, future plans, cost estimates, and any proposed legislation to the Legislature.

Pedestrian fatalities in Hawaii, especially among our elderly population, have often been at an unacceptably high level. Over the past several years, Hawaii averaged slightly over 30 pedestrian deaths a year, ranking Hawaii high nationally in pedestrian deaths. Your Committee on Conference finds that appropriating funds and taking immediate steps and planning future steps to increase safety at crosswalks, as well as studying which intersections and crosswalks pose great risks for crossing by pedestrians, are important actions that should be undertaken as quickly as possible.

Your Committee on Conference has amended this measure by:

- (1) Appropriating \$1,000,000 to DOT to conduct a pilot study to identify state and county intersections where the time to cross the intersection is insufficient for elderly pedestrians and to implement immediate improvements to high-risk crosswalks and road crossings; provided that the department may consult with the counties and nonprofit organizations as appropriate for purposes of the pilot study;
- (2) Deleting language specifically appropriating monies for pedestrian safety measures such as traffic countdown timers, signals, painting of crosswalks, a public awareness campaign, and grants-in-aid for counties;
- (3) Changing its effective date to July 1, 2008; and
- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 357, 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. 357, H.D. 2, S.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators English, Inouye, Baker, Gabbard and Trimble, Managers on the part of the Senate. Ayes, 4. Noes, none. Excused, 1 (Trimble). Representatives Souki, Lee and Pine, Managers on the part of the House. Ayes, 3. Noes, none. Excused, none.

Conf. Com. Rep. No. 142-08 (Majority) on H.B. No. 2843

The purpose of this bill is to support efforts to prevent the importation and spread of invasive species by:

- (1) Expanding the items subject to the inspection, quarantine, and eradication service fee (inspection fee) to include any freight, including air freight or any other means of transporting freight, brought into the state;
- (2) In lieu of the existing standard, requiring the inspection fee to be assessed based on the net weight of the imported freight;
- (3) Requiring the inspection fee to be paid by the person responsible for paying the freight charges to the transportation company; and
- (4) Requiring the transportation company to collect the inspection fee and forward the payment to the Department of Agriculture (DOA) at the port of disembarkation, provided that the transportation company is not liable for any fee that is not paid by the person responsible for paying the freight charges to the transportation company.

Your Committee on Conference recognizes the potential difficulties in implementing the provision requiring the transportation companies to collect the inspection fee and forward the payments to DOA. To provide additional time for DOA to work with the transportation companies in planning and designing a feasible collection system, your Committee on Conference has allowed additional time before this measure takes effect.

Your Committee on Conference has amended this measure by:

- (1) Changing its effective date to August 1, 2008;
- (2) Amending the definition of freight to mean “nonpassenger goods, cargo, or lading, transported for pay”; and
- (3) Making technical, nonsubstantive amendments for style, clarity, and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2843, 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. 2843, H.D. 2, S.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Tokuda, Menor, English, Baker, Tsutsui and Whalen, Managers on the part of the Senate. Ayes, 5. Noes, none. Excused, 1 (Whalen). Representatives Tsuji, Souki, Morita, M. Oshiro and Pine, Managers on the part of the House. Ayes, 4. Noes, 1 (Pine). Excused, none.

Conf. Com. Rep. No. 143-08 on H.B. No. 3120

The purpose of this bill is to provide greater flexibility to the Board of Agriculture in contracting for the use or rental of animal quarantine facilities or property by repealing the provision requiring that the facilities or property be leased or rented at fair market value.

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

- (1) In lieu of repealing the provision requiring that the facilities or property be leased or rented at fair market value, specifying that the facilities or property be leased or rented at a reasonable lease rent determined by the Board of Agriculture;
- (2) Requiring the facilities or property to be used for animal welfare, including emergency shelters for animals, or agriculture-related purposes; and
- (3) Making technical, nonsubstantive amendments for style, clarity, and consistency.

It is the intent of your Committee on Conference that in determining a reasonable lease rent, the Board of Agriculture shall take into consideration such factors as the length of the lease to be awarded, the cost of improvements to be expended by the lessee, whether the lessee is a profit or not-for-profit organization, the benefit to the public, and the financial viability of the lessee.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 3120, 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. 3120, H.D. 2, S.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Tokuda, Tsutsui, Hee and Slom, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Slom). Representatives Tsuji, Yamashita, Hanohano and Ching, Managers on the part of the House. Ayes, 4. Noes, none. Excused, none.

Conf. Com. Rep. No. 144-08 on H.B. No. 2293

The purpose of this bill is to improve the operational flexibility and preserve valuable agricultural lands by, among other things:

- (1) Allowing the Agribusiness Development Corporation (ADC) to purchase, accept, and maintain permanent conservation easements, or transfer these easements to a qualified land trust in accordance with the federal Natural Resources Conservation Service Farm and Ranch Lands Protection Program;
- (2) Allowing ADC to contract with certain financial institutions to provide lease-management services when leasing ADC-controlled lands;
- (3) Specifying that the Legislature, through a bill enacted into law, may authorize ADC to acquire agricultural lands for the protection of agricultural lands, public land banking, or promotion of farm ownership and diversified agriculture;
- (4) Specifying that the landowner who agrees to the sale of lands under paragraph (3) shall receive payment:
 - (A) In a lump sum;
 - (B) From revenues derived from the issuance of revenue bonds by the ADC; or
 - (C) Through an installment purchase agreement;
- (5) Establishing requirements for the use of installment purchase agreements, including the purchase of U.S. Treasury zero coupon bonds;
- (6) Allowing ADC to issue revenue bonds for the acquisition of certain agricultural lands;
- (7) Authorizing ADC to acquire specific agricultural lands located on Oahu and owned by the Galbraith Estate (Galbraith Lands);
- (8) In the event that an agreement to acquire the Galbraith Lands is not reached within a reasonable time as determined by the Department of Land and Natural Resources (DLNR), requiring DLNR to exercise eminent domain to acquire the Galbraith Lands; and
- (9) Appropriating funds for the purchase of the Galbraith Lands through a lump sum payment or an installment purchase agreement.

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

- (1) Revising the list of specific land parcels that comprise the Galbraith Lands;
- (2) Requiring ADC to work with a negotiating team to review and make recommendations regarding any potential transactions related to the acquisition of the Galbraith Lands;
- (3) Deleting the appropriation for the purchase of the Galbraith Lands through a lump sum payment or an installment purchase agreement;
- (4) Specifying that any moneys made available by appropriation through the Supplemental Appropriations Act of 2008 shall be expended to the extent necessary by ADC for the purchase of the Galbraith Lands; and
- (5) Making technical, nonsubstantive amendments for style, clarity, and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2293, 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. 2293, H.D. 1, S.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Tokuda, Hee, Baker and Whalen, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Whalen). Representatives Tsuji, Ito, M. Oshiro and Ching, Managers on the part of the House. Ayes, 4. Noes, none. Excused, none.

Conf. Com. Rep. No. 145-08 on H.B. No. 3352

The purpose of this bill is to ensure effective and reasonable advocacy services to persons with developmental disabilities or mental illness by:

- (1) Establishing the Auditor's power to examine and inspect records and documents of the Hawaii Disability Rights Center (HDRC);
- (2) Requiring the Auditor to perform a financial and management audit every seven years of the entity or agency designated by state law to ensure the protection of persons with developmental disabilities or mental illness, to ensure that state funds are being spent in accordance with applicable laws; and
- (3) Conducting a financial and management audit of HDRC.

Your Committee on Conference requests that the Auditor review all financial, management, and program audits performed on HDRC for the past five years by any federal agency or private entity.

Your Committee on Conference has amended this bill by:

- (1) Removing provisions that change the Auditor's scope of duties to include examinations of advocacy services, including advocacy services to persons with developmental disabilities or mental illness;
- (2) Removing the appropriation;
- (3) Specifying that the Auditor conduct an audit of HDRC;
- (4) Changing the effective date to upon approval; and
- (5) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 3352, 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. 3352, H.D. 2, S.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Chun Oakland, Baker, Fukunaga and Hemmings, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Hemmings). Representatives Green, Shimabukuro, Magaoy, Mizuno and Finnegan, Managers on the part of the House. Ayes, 4. Noes, none. Excused, 1 (Finnegan).

Conf. Com. Rep. No. 146-08 on H.B. No. 2863

The purpose of this bill is to establish a renewable energy facility siting process for state and county permits required for the siting, development, construction, and operation of a renewable energy facility.

Specifically, the measure provides the Energy Resources Coordinator with the authority to establish and implement a consolidated application process to facilitate streamlined permitting of a renewable energy facility. This measure also appropriates an unspecified amount out of the energy security special fund for these purposes.

Your Committee has amended this measure by:

- (1) Clarifying the general duties of the Energy Resources Coordinator;
- (2) Replacing references to "consolidated application" with "permit plan application";
- (3) Clarifying the requirements for a permit plan application and further clarifying the criteria and procedures for acceptance of the application;
- (4) Clarifying the public notice requirements for the permit plan;
- (5) Clarifying the purpose of the permit plan in promoting efficiency in permitting and ensuring adequate public participation;
- (6) Establishing a goal for the approval or denial of permits within twelve months of acceptance of the permit plan by the Coordinator, and requiring permitting agencies to prepare explanatory reports when permits are not approved or denied within the twelve-month period;
- (7) Requiring permits that have not been approved or denied within eighteen months of the acceptance of the permit plan by the Coordinator to be automatically approved;
- (8) Prohibiting the Energy Resources Coordinator from accepting a permit plan application for a renewable energy facility prior to the acceptance of an environmental impact statement for the facility;
- (9) Designating the Department of Business, Economic Development, and Tourism as the accepting authority for any final environmental impact statement that is prepared by an applicant for any renewable energy facility;
- (10) Deleting the provision relating to judicial review of disputes regarding approved permits;
- (11) Establishing a renewable energy facility siting special fund into which shall be deposited permit plan application fees collected by the Energy Resources Coordinator, along with appropriations by the Legislature and moneys allotted from other sources;
- (12) Requiring the energy facility siting special fund to be used for the administration and operation of the renewable energy facility siting process;
- (13) Deleting the requirement for unencumbered permit plan application fees to be deposited into the energy security special fund;
- (14) Authorizing the Public Utilities Commission to establish guidelines and timetables for the creation and implementation of power purchase agreements for the purposes of assisting the renewable energy facility siting process;
- (15) Deleting the repeal of chapter 196D, Hawaii Revised Statutes;
- (16) Deleting the unspecified appropriation out of the energy security special fund and making an appropriation of \$100,000 out of the renewable energy facility siting special fund;
- (17) Changing the effective date from July 1, 2020, to July 1, 2008; and
- (18) Making technical nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2863, 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. 2863, H.D. 2, S.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Menor, Hee, Inouye, Kokubun, Baker and Trimble, Managers on the part of the Senate. Ayes, 4. Noes, none. Excused, 2 (Hee, Trimble). Representatives Morita, Ito, Herkes, M. Oshiro and Meyer, Managers on the part of the House. Ayes, 4. Noes, none. Excused, 1 (Meyer).

Conf. Com. Rep. No. 147-08 on H.B. No. 2505

The purpose of this bill is to appropriate an unspecified sum to establish a full-time, permanent renewable energy facilitator position in the Department of Business, Economic Development, and Tourism and provide additional funding for energy initiatives to carry out Hawaii's long-term energy strategy through the Environmental Response and Energy Security Tax and Energy Security Special Fund to secure a sustainable energy future in Hawaii. Among other things, this bill:

- (1) Changes the name of the Environmental Response Tax to the Environmental Response and Energy Security Tax;
- (2) Establishes the Energy Security Special Fund into which shall be deposited a certain amount of the Environmental Response and Energy Security Tax and fees generated by the renewable energy facility siting process, among other sources;
- (3) Restricts the use of the Energy Security Special Fund to:
 - (A) Supporting DBEDT's energy program;
 - (B) Funding the Renewable Energy Facilitator; and
 - (C) Supporting the renewable energy facility siting process;
- (4) Caps the contribution of the Environmental Response and Energy Security Tax to the Environmental Response Revolving Fund at \$20,000,000;
- (5) Increases the Environmental Response and Energy Security Tax on a barrel of oil to 15 cents from five cents and distributes the tax revenues to various funds; and
- (6) Appropriates an unspecified sum from the Environmental Response Revolving Fund for the renewable energy facilitator position and an unspecified sum from the Energy Security Special Fund for the purposes of this bill.

Your Committee on Conference has amended this bill by:

- (1) Maintaining the name of the Environmental Response Tax instead of renaming it the Environmental Response and Energy Security Tax;
- (2) Deleting as a source of funding for the Energy Security Special Fund, the Environmental Response Tax and renewable energy facility siting process fees;
- (3) Revising the restricted use of the Energy Security Special Fund to:
 - (A) Support DBEDT's energy programs and necessary program positions; and
 - (B) Provide funds for the Renewable Energy Facilitator;
- (4) Deleting the cap on the contribution of the Environmental Response Tax to the Environmental Response Revolving Fund;
- (5) Deleting the ten-cent increase of the Environmental Response Tax on a barrel of oil;
- (6) Specifically authorizing legislative appropriations from the Environmental Response Revolving Fund to the Energy Security Special Fund; and
- (7) Transferring \$112,000 from the Environmental Response Revolving Fund to the Energy Security Special Fund for one fulltime, temporary renewable energy facilitator position.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2505, 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. 2505, H.D. 2, S.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Menor, Baker, Hooser and Trimble, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Trimble). Representatives Morita, M. Oshiro, Carroll and Thielen, Managers on the part of the House. Ayes, 4. Noes, none. Excused, none.

Conf. Com. Rep. No. 148-08 on H.B. No. 2507

The purpose of this bill is to support state policy to reduce greenhouse gas emissions by January 1, 2020, to levels at or below the estimates of greenhouse gas emissions for 1990, by appropriating funds from the Energy Security Special Fund to establish two positions to provide professional and technical support for the work of the Greenhouse Gas Emissions Reduction Task Force established by Act 234, Session Laws of Hawaii 2007, and assist with the implementation of other provisions of that Act.

Your Committee on Conference has amended this bill by:

- (1) Changing the funding source to the general fund;
- (2) Inserting an appropriation amount of \$140,000; and

- (3) Changing the effective date to July 1, 2008.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2507, 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. 2507, H.D. 1, S.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Menor, Baker, Hooser and Trimble, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Trimble). Representatives Morita, M. Oshiro, Carroll and Thielen, Managers on the part of the House. Ayes, 4. Noes, none. Excused, none.

Conf. Com. Rep. No. 149-08 on H.B. No. 2872

The purpose of this bill is to ensure the timely maintenance and repair of recreational cabins of historic and cultural importance at the Koke'e and Waimea Canyon State Parks by amending the procedure for leasing state park or forest reserve lands for recreation-residence use. Specifically, this bill allows the Board of Land and Natural Resources (BLNR) to offer by public auction 20-year maximum leases, and allow the most recent occupant to match the winning bid. This bill also allows BLNR to limit this public auction to full-time Hawaii residents, and impose restrictions on the transferability of the leases.

Your Committee on Conference has amended this bill by, among other things:

- (1) Replacing the statutory authorization to BLNR to offer leases by public auction with a one-time process for the offering of 20-year minimum term recreation-residence use leases on public lands at state parks or state forest reserves in counties with a population of less than 100,000 to existing leaseholders by direct negotiation within three months of the effective date of this Act;
- (2) Requiring that the one-time lease offerings be based on market rates for land and buildings pursuant to section 171-17(b), Hawaii Revised Statutes, relating to appraisals, and allowing existing lessees to provide counter-offers based on their own certified appraisals; and
- (3) Establishing a Koke'e State Park Advisory Council to:
 - (A) Assist with the updating, revision, and implementation of the Koke'e State Park Master Plan;
 - (B) Assist in the management of the Koke'e recreational cabin leases;
 - (C) Enhance community education and cultural awareness of Koke'e State park; and
 - (D) Participate in the protection and preservation of Koke'e State Parks' natural and cultural resources.

It is the intent of your Committee on Conference for the provisions in this bill to apply not only to lessees under current leases, but also those lessees who are currently occupying the land even though their leases have expired and may currently be holdover tenants.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2872, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2872, S.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Hee, Baker and Whalen, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, none. Representatives Ito, Karamatsu, Sagum and Meyer, Managers on the part of the House. Ayes, 3. Noes, none. Excused, 1 (Meyer).

Conf. Com. Rep. No. 150-08 on H.B. No. 2704

The purpose of this bill is to preserve and protect Haiku Valley, a site of cultural and natural significance, by establishing the Haiku Valley Cultural Preserve Commission (Commission) to oversee the Haiku Valley Cultural Preserve.

Your Committee on Conference has amended this bill by replacing its contents with the language in the H.D. 2. Specifically, this bill has been amended by:

- (1) Deleting the requirement that the Department of Land and Natural Resources and other departments with interest in lands within the Haiku Valley Cultural Preserve deed those lands to the Office of Hawaiian Affairs (OHA) and that the Governor set aside those lands; and
- (2) Changing the effective date to upon its approval.

This bill has been further amended by:

- (1) Changing the principal department to which the Commission is administratively attached, from OHA to the Department of Land and Natural Resources;
- (2) Removing the appropriation; and
- (3) Making technical, nonsubstantive amendments for style, clarity, and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2704, 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. 2704, H.D. 2, S.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Hee, Tokuda, Taniguchi, Baker and Whalen, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 2 (Baker, Whalen). Representatives Ito, Waters, Karamatsu and Meyer, Managers on the part of the House. Ayes, 3. Noes, none. Excused, 1 (Meyer).

Conf. Com. Rep. No. 151-08 on S.B. No. 2803

The purpose of this measure is to implement the recommendations of the December 2007 report of the Hawaii Identity Theft Task Force to protect the security of personal information collected and maintained by state and county government agencies.

Your Committee on Conference has amended this measure by:

- (1) Placing the Information Privacy and Security Council within the Department of Accounting and General Services;
- (2) Specifying the agencies represented on the Council;
- (3) Authorizing the Comptroller to establish support positions;
- (4) Requiring that the annual report of the Council be confidential and not disclosed publicly in any form;
- (5) Deleting the appropriation to support the work of the Council;
- (6) Expanding the third party personal information use contractual provisions;
- (7) Adding a part on the protection of personal information by government agencies;
- (8) Adding a part on a plan to reduce collection and use of social security numbers by government agencies;
- (9) Changing the starting date for government agencies to develop written guidelines detailing recommended practices to minimize unauthorized access to personal information from January 1, 2009, to January 1, 2010;
- (10) Establishing by July 1, 2008, within the Office of the Auditor, the five-member Identity Theft Task Force Working Group;
- (11) Changing the effective date from July 1, 2025, to July 1, 2008; and
- (12) Making technical amendments.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2803, 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. 2803, S.D. 1, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Fukunaga, Taniguchi, Baker and Slom, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Slom). Representatives Herkes, B. Oshiro, Karamatsu and Marumoto, Managers on the part of the House. Ayes, 3. Noes, none. Excused, 1 (Marumoto).

Conf. Com. Rep. No. 152-08 on S.B. No. 2878

The purpose of this bill is to help Hawaii's children reach their full potential as individuals and citizens, beginning at birth, by:

- (1) Establishing a cohesive, comprehensive, and sustainable early learning system of voluntary educational programs and services to be known as Keiki First Steps (System), to ensure a spectrum of high-quality early learning opportunities for children throughout the state, from birth until the time they enter kindergarten, with priority given to underserved or at-risk children;
- (2) Creating and appropriating funds for the Early Learning Council (Council) to develop and administer the System;
- (3) Establishing and appropriating funds for the Keiki First Steps Grant Program (Program) component of the System, which shall increase early learning opportunities that meet high standards of quality through the awarding of grants to certain publicly- or privately-run programs and services;
- (4) Statutorily establishing the existing Pre-Plus Program, which expands access to affordable and quality early childhood education for three- to four-year-old children from low-income families by allowing preschool programs to be established on public school campuses through public-private partnerships; and
- (5) Requiring the Department of Human Services (DHS) and Department of Education (DOE) to develop suitable classrooms on DOE campuses to increase the supply of suitable classrooms for early learning programs and services statewide.

Your Committee on Conference notes that concerns have been raised regarding the extent of the Council's authority, and wishes to clarify that the intent is neither to authorize the Council to establish policies prohibited by other state or federal laws, nor to act in contradiction to state or federal law by directing programs currently housed in any state department or agency. For example:

- (1) The Department of Health (DOH) should be allowed to continue administering and operating the Healthy Start Program and other existing programs for children from birth to three years of age;
- (2) DOE should be allowed to continue the current practice of administering and operating special education classes for three- and four-year-old children; and
- (3) DHS should be allowed to continue administering existing child care programs that are funded with state general funds and federal funds.

However, it is reasonably expected that state departments and agencies such as DOH, DOE, and DHS should work cooperatively with the Council to enhance, expand, and improve the quality of the System to be developed by the Council.

Your Committee would also like to clarify that the reason for statutorily establishing the Keiki First Steps Trust Fund (Fund) is to provide a means by which private donors may contribute to the development of the System. Hawaii- and mainland-based private donors are encouraged to donate to the Fund, as your Committee believes that the System will be most effective if both public and private funds are available to build a spectrum of quality early learning opportunities in Hawaii.

Your Committee on Conference has amended this bill by, among other things:

- (1) Including in the purpose, language regarding:
 - (A) The two-tier junior kindergarten and kindergarten program as one of the milestones achieved thus far in promoting young children's development and school readiness through public and private efforts; and
 - (B) The work of the Early Learning Educational Task Force;
- (2) Including in the definition of "center-based", programs in which early childhood education and care services are provided in a facility excluded or exempt from licensing by DHS;
- (3) Clarifying that the Council is to establish policies and procedures to include existing early learning programs and services;
- (4) Requiring the Council, in developing the System, to consult with community groups, including statewide organizations that are involved in early learning professional development, policy and advocacy, and early childhood programs, to broaden the council's knowledge of early learning;
- (4) Replacing references to the Association of Mayors with the Hawaii Council of Mayors;
- (5) Replacing references to the Head Start Collaboration Office with the Hawaii Head Start State Collaboration Office;
- (6) Specifying that except for the superintendent of education, directors of state departments, president of the University of Hawaii, director of the Hawaii Head Start State Collaboration Office, chief executive officer of the Kamehameha Schools, and executive director of the Hawaii Association of Independent Schools, or their designees, and the two representatives of the Hawaii Council of Mayors, Council members are to be nominated and, by and with the advice and consent of the Senate, appointed by the Governor;
- (7) Requiring the Hawaii Council of Mayors to determine which of its two representatives are to serve the two-year term and three-year term on the Council;
- (8) Clarifying that a majority of the members serving on the Council constitute a quorum to do business, and the concurrence of the majority of the members serving on the Council is necessary to validate any of the Council's actions;
- (9) Requiring the Council to set the salary of the Council's executive director, provided that it not exceed the salary of the deputy director of DHS;
- (10) Deleting the appropriation to support the early learning system and operations of the Council, including the establishment of positions;
- (11) Deleting the appropriation for the Program;
- (12) Repealing 302A-409, Hawaii Revised Statutes, requiring DOE to develop a plan for quality voluntary early education, as this will no longer be necessary with the establishment of the System and Council;
- (13) Removing references to programs and services in the System from the provision that statutorily establishes the Pre-Plus Program;
- (14) Requiring DOE to also submit to the Council the report relating to available classrooms for early learning facilities;
- (15) Changing the effective date to July 1, 2008; and
- (16) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2878, 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. 2878, S.D. 2, H.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Sakamoto, Chun Oakland, Baker, Gabbard and Whalen, Managers on the part of the Senate. Ayes, 4. Noes, none. Excused, 1 (Whalen). Representatives Takumi, Shimabukuro, M. Oshiro, Berg, Rhoads and Finnegan, Managers on the part of the House. Ayes, 6. Noes, none. Excused, none.

Conf. Com. Rep. No. 153-08 on S.B. No. 988

The purpose of this measure is to authorize the Public Utilities Commission (PUC) to establish a ratepayer-funded photovoltaic rebate program upon evaluating the costs and benefits of a rebate program and determining that a rebate program is in the public interest.

Your Committee has amended this measure by:

- (1) Authorizing the PUC to delegate the administration of the photovoltaic rebate program to the public benefits fund administrator established pursuant to section 269-122, Hawaii Revised Statutes; and
- (2) Changing the effective date to July 1, 2008.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 988, 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. 988, S.D. 2, H.D. 3, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Menor, Kokubun, Baker and Trimble, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Kokubun). Representatives Morita, Herkes, Carroll, Sagum and Thielen, Managers on the part of the House. Ayes, 3. Noes, none. Excused, 2 (Herkes, Sagum).

Conf. Com. Rep. No. 154-08 on S.B. No. 2150

The purpose of this measure is to protect adults who are vulnerable and unable to fully care for themselves by expanding the types of abuse from which vulnerable adults are protected, and expanding the authority to investigate allegations of abuse, neglect, and financial exploitation.

Your Committee has amended this measure by:

- (1) Amending the amendments made to Hawaii Revised Statutes section 846-2.7 (b)(22) to add "retired and senior volunteer program" to the list of Department of Human Services (Department) programs for which criminal history record checks may be conducted; and section 846-2.7 (b)(23), Hawaii Revised Statutes, to allow the Department to conduct criminal history record checks on contracted and subcontracted service providers and their current and prospective employees that provide home and community-based services under any other applicable section of the Social Security Act in addition to Section 1915(c);
- (2) Removing the appropriation section;
- (3) Changing the effective date to July 1, 2009; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2150, 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. 2150, S.D. 2, H.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Chun Oakland, Taniguchi, Baker and Hemmings, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Hemmings). Representatives Shimabukuro, B. Oshiro, Rhoads and Ward, Managers on the part of the House. Ayes, 4. Noes, none. Excused, none.

Conf. Com. Rep. No. 155-08 on S.B. No. 2830

The purpose of this measure is to effectuate recommendations of the Joint Legislative Committee on Family Caregiving.

Specifically, this measure:

- (1) Extends the sunset date of the Joint Legislative Committee on Family Caregiving;
- (2) Changes the name of the committee to the Joint Legislative Committee on Aging in Place (Committee);
- (3) Expands the Committee mandate to include aging in place issues related to family caregiving;
- (4) Requires the Aging and Disability Resource Center to report to the Committee;
- (5) Requires the Committee to conduct a cash and counseling project;
- (6) Appropriates funds to the Committee;
- (7) Allows the Kupuna Care Program to include overnight, weekend, and emergency respite services and provide grants to caregivers for home modification;
- (8) Appropriates funds for a respite care study;
- (9) Appropriates funds to the Kupuna Care Program; and
- (10) Establish a task force to focus on the needs and issues of grandparents raising grandchildren.

Your Committee on Conference has amended this measure by:

- (1) Adopting the language of S.B. No. 2830, Senate Draft 2;
- (2) Adopting the language of Part VI of S.B. No. 2830, Senate Draft 2, House Draft 2, relating to care home payments;
- (3) Designating that the representative of the Queen Lili'uokalani Children's Center shall be co-chair of the Grandparents Raising Grandchildren Task Force, rather than the representative from the University of Hawaii Center on Aging Research and Education;
- (4) Inserting an appropriation amount of \$500,000 for the Kupuna Care program;
- (5) Inserting the amount of \$651.90 to the section increasing the state supplemental payment for adult residential care homes classified as facility type I, licensed developmental disabilities domiciliary homes as defined under section 321-15.9, Hawaii Revised Statutes, community care foster family homes as defined under section 346-331, Hawaii Revised Statutes, and certified adult foster homes as defined under section 321-11.2, Hawaii Revised Statutes;
- (6) Inserting the amount of \$759.90 to the section increasing the state supplemental payment for adult residential care homes classified as facility type II;
- (7) Inserting an appropriation amount of \$289,000 for increases in level of care payments for ARCH types I and II;

- (8) Repealing the Hawaii Revised Statutes section 346-53(c)(3) that capped the state supplemental payment for skilled nursing facilities and intermediate facilities at \$20;
- (9) Changing its effective date to July 1, 2008; and
- (10) Making technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2830, 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. 2830, S.D. 2, H.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Chun Oakland, Baker, Ihara, Fukunaga and Hemmings, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 2 (Fukunaga, Ihara). Representatives Green, Shimabukuro, Magaoay, Lee and Finnegan, Managers on the part of the House. Ayes, 3. Noes, none. Excused, 2 (Magaoay, Finnegan).

Conf. Com. Rep. No. 156-08 on S.B. No. 3255

The purpose of this measure is to establish a Long Term Care Commission (Commission) to determine what resources are necessary to meet state long term care public policy goals, and recommend a program and funding mechanism to provide long term care services. The measure also appropriates funds for the Commission.

Your Committee on Conference has amended this measure by:

- (1) Amending its purpose section to include additional findings, and its purpose clause to include the establishment of long term care policy goals and guiding principles, in addition to the establishment of the Commission;
- (2) Reorganizing and modifying existing language to set forth long term care policy goals of the State of Hawaii;
- (3) Stating that the development of a long term care system in Hawaii should be guided by certain principles, and reorganizing and modifying existing language to set the principles forth;
- (4) Adding five non-voting, ex-officio members of the Commission who are the directors of the following departments or their designees: the Department of Commerce and Consumer Affairs, the Department of Health, the Department of Human Services, the Department of Labor and Industrial Relations, and the Department of Taxation;
- (5) Amending membership criteria;
- (6) Adding that Commission members should be appointed as soon as practicable, but by no later than September 30, 2008;
- (7) Adding language to set forth how vacancies shall be filled, what constitutes a quorum, and that members shall serve without compensation other than for necessary expenses incurred in the performance of Commission duties;
- (8) Adding language stating that the University of Hawaii College of Social Sciences Public Policy Center shall convene the first Commission meeting as soon as practicable but by no later than November 1, 2008;
- (9) Providing that any contract executed with a third party to conduct a study shall be approved by the Commission in an open meeting;
- (10) Modifying the content of the interim and final Commission reports;
- (11) Adding an expiry date for the Commission of November 30, 2010;
- (12) Adding an appropriation amount of \$100,000 to section 5;
- (13) Changing its effective date to July 1, 2008; and
- (14) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3255, 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. 3255, S.D. 2, H.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Chun Oakland, Baker, Ihara and Hemmings, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Ihara). Representatives Green, Shimabukuro, Chang, Lee, Cabanilla and Ward, Managers on the part of the House. Ayes, 5. Noes, none. Excused, 1 (Shimabukuro).

Conf. Com. Rep. No. 157-08 on S.B. No. 69

The purpose of this bill is to make health care insurance available to children of recently unemployed employees of an inter-island air carrier by:

- (1) Expanding the Hawaii Children's Health Care Program to include children of employees who were employed on March 29, 2008, by a Hawaii inter-island air carrier that was in bankruptcy proceedings on that date; and
- (2) Making this health insurance available until December 31, 2008, at the latest.

Your Committee on Conference finds that the intent of this bill is to utilize the funds that have already been appropriated for the Hawaii children's health care program and the provisions of this bill can only be implemented to the extent of availability of those funds. Your Committee on Conference further intends for this bill to be a temporary measure to assist children, of workers in Hawaii who have recently and abruptly been displaced from their jobs, in retaining health care coverage.

Your Committee on Conference upon further consideration has made the following amendments to S.B. No. 69, S.D. 2, H.D. 3:

- (1) Amended language relating to a child's qualification to provide that the child's parent or guardian was employed by a Hawaii employer that was subject to and in compliance with chapter 393, Hawaii Revised Statutes, and that filed for bankruptcy and ceased doing business in Hawaii or simply ceased doing business in Hawaii, between February 29, 2008 and September 30, 2008; either
- (2) Amended the effective date of the bill to ensure that the underlying provisions of Act 236, Session Laws of Hawaii 2007, are re-enacted upon the repeal of this bill; and
- (3) Made technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 69, 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. 69, S.D. 2, H.D. 3, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Ige, Chun Oakland, Baker and Whalen, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Whalen). Representatives Shimabukuro, Green, M. Oshiro and Marumoto, Managers on the part of the House. Ayes, 4. Noes, none. Excused, none.

Conf. Com. Rep. No. 158-08 on S.B. No. 2314

The purpose of this bill is to authorize any accident or health or sickness insurer with less than five per cent market share to be exempt from the anti-tying statutes. This bill also requires the Auditor to perform an analysis of the effects of this bill and submit a report to the Legislature no later than 20 days prior to the 2010 Regular Session.

Your Committee on Conference upon further consideration has made the following amendments to S.B. No. 2314, S.D. 1, H.D. 2:

- (1) Refined the language to authorize any insurer subject to chapter 432, Hawaii Revised Statutes, with less than five per cent of the health insurance market share offering contracts for dental, vision, drug, and life insurance as a condition, agreement, or understanding to a health insurance policy under chapter 432 to be exempt from the anti-tying statutes; and
- (2) Made technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2314, 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. 2314, S.D. 1, H.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Ige, Kokubun, Fukunaga and Whalen, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Whalen). Representatives Herkes, B. Oshiro, Green, Tokioka and Marumoto, Managers on the part of the House. Ayes, 4. Noes, none. Excused, 1 (Tokioka).

Conf. Com. Rep. No. 159-08 on S.B. No. 2542

The purpose of this measure is to ensure that the community health center system remains financially viable and stable in the face of the increasing needs of the population of uninsured and underinsured residents.

Specifically, this measure establishes a process that enables community health centers and rural health clinics to receive supplemental Medicaid payments and seek modifications to their scope of services. In addition, this measure appropriates funds to adequately pay federally qualified community health centers for direct medical care services for the uninsured.

Your Committee finds that federally qualified health centers and rural health clinics are essential components of Hawaii's health care system. Two of the most important sources of operating revenues for these community health centers are the Med-QUEST program and subsidies for care for the uninsured. These revenue sources continue to provide inadequate funding and reimbursements that are more than a year overdue, causing the much needed community health centers to be financially unstable and putting the public's health at risk.

Your Committee upon further consideration has made the following amendments to S.B. No. 2542, S.D. 2, H.D. 2:

- (1) Inserted \$1,000,000 as the amount appropriated for direct medical care to the uninsured;
- (2) Inserted a July 1, 2008 effective date; and
- (3) Made technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2542, 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. 2542, S.D. 2, H.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Ige, Chun Oakland, Baker and Whalen, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Whalen). Representatives Green, Shimabukuro, Mizuno, Rhoads and Ward, Managers on the part of the House. Ayes, 5. Noes, none. Excused, none.

Conf. Com. Rep. No. 160-08 on S.B. No. 2459

The purpose of this bill is to improve access to medications and pharmacy services by authorizing the operation of remote dispensing pharmacies to dispense prescription medications.

Your Committee on Conference upon further consideration has made the following amendments to S.B. No. 2459, S.D. 2, H.D. 1:

- (1) Inserted language that prohibits the operation of a remote pharmacy within a five mile radius of any pharmacy defined under section 461-1, Hawaii Revised Statutes, except for:
 - (A) Any remote dispensing pharmacy established prior to the effective date of this Act that has previously dispensed and will continue to dispense only prescription medications acquired pursuant to section 340B of the Public Health Service Act, title 42 United States Code section 256b; and
 - (B) When an appropriately designated pharmacy, as defined in section 461-1, Hawaii Revised Statutes, is established within a five mile radius of an existing remote dispensing pharmacy exempted by this subsection, all appropriate measures shall be taken to encourage the relocation of the existing remote dispensing machine within the newly established pharmacy;
- (2) Authorizes remote dispensing pharmacies to provide medications to patients covered by QUEST regardless of the pharmacy location or amount of supply;
- (3) Prohibits any health insurance provider group, hospital, or medical service plan regulated under article 431-10A or 432-1, Hawaii Revised Statutes, to operate a remote dispensing pharmacy;
- (4) Exempts mobile medical clinics, provided that no such clinic shall operate in counties with a population less than 100,000;
- (5) Exempts federally qualified health centers, provided that no remote dispensing pharmacy shall operate within a five mile radius of any pharmacy as defined under section 461-1, Hawaii Revised Statutes, except for those federally qualified health centers that are exempt under section 461- (c)(2), Hawaii Revised Statutes;
- (6) Defines “mobile medical clinic” to mean a motor vehicle retrofitted for exclusive use as a medical office or clinic for medical services licensed under chapter 321, Hawaii Revised Statutes;
- (7) Amended the definitions of “remote dispensing machine” and “remote dispensing pharmacy” to clarify that the drugs to be dispensed are those that are acquired pursuant to section 340B of the Public Health Service Act, title 42 United States Code section 256b;
- (8) Changed the effective date to “upon its approval”; and
- (9) Made technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2459, 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. 2459, S.D. 2, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Ige, Kokubun, Fukunaga, Chun Oakland and Whalen, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 2 (Fukunaga, Whalen). Representatives Green, Herkes, Sagum, Tokioka and Ward, Managers on the part of the House. Ayes, 4. Noes, none. Excused, 1 (Tokioka).

Conf. Com. Rep. No. 161-08 on S.B. No. 3069

The purpose of this bill is to expedite the records disclosure process for clinical evaluation purposes while protecting a patient’s right of privacy by:

- (1) Making the county police departments responsible for providing to the Director of Health (Director) certain police records of defendants who are committed to a hospital under the control of the Director or to the custody of the Director; and
- (2) Providing the defendant with an opportunity to object to the release of records.

Your Committee on Conference upon further consideration has made the following amendments to S.B. No. 3069, S.D. 2, H.D. 1:

- (1) Deleted the provisions that allow the defendant to object to the release of records;
- (2) Inserted language that requires the county police departments to provide copies of all police reports to the Director of Health and the defendant that has been committed to the custody of the Director;
- (3) Changed the effective date to “upon its approval”; and
- (4) Made technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3069, 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. 3069, S.D. 2, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Ige, Taniguchi, Baker and Whalen, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Whalen). Representatives B. Oshiro, Green, Mizuno, Awana and Thielen, Managers on the part of the House. Ayes, 4. Noes, none. Excused, 1 (Thielen).

Conf. Com. Rep. No. 162-08 on S.B. No. 3171

The purpose of this measure is to enact new statutory provisions regulating charitable organizations, including registration, financial reporting, fundraising, and investigations by the Department of Attorney General for violations of the provisions, and fundraising.

Your Committee on Conference finds that a registration system is needed for charities. Due to the absence in current law of a registration system, the Attorney General may only pursue an investigation if an individual complains or questionable conduct is revealed and disclosed in public.

A registration system will provide the State with valuable information on which nonprofit groups are raising funds, what programs these groups seek to fund, and how these groups are spending collected funds. Registration can help enforcement officials spot red flags, such as questionable transactions or compensation deals, and answer questions from the public. The review of annual filings may also serve as a deterrent to abuse. Under this measure, before making a contribution, donors could find out if an organization is a legitimate charity and determine if the group has provided the State with information on its finances.

Your Committee on Conference has amended this measure by reverting to the House Draft 1, with the following changes as recommended by the Attorney General:

- (1) Making mandatory the use of the Unified Registration Statement as the registration form;
- (2) Making mandatory the use of the Form 990 and 990EZ as the annual financial report, provided that the Attorney General may prescribe the form of the report for Form 990N filers;
- (3) Requiring the submission of an audited financial statement by organizations required to prepare such statements by governmental authorities or third parties;
- (4) Inserting an appropriation of \$238,725 from the Solicitation of Funds for Charitable Purposes Special Fund to the Attorney General; and
- (5) Changing the effective date to January 1, 2009, provided that sections 5 through 9 of the measure become effective on July 1, 2008.

Your Committee on Conference notes that the audit requirement threshold of \$500,000 is the same as House Draft 1 and House Draft 2.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3171, 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. 3171, S.D. 2, H.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Taniguchi, Kokubun, Baker and Whalen, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Whalen). Representatives Herkes, B. Oshiro, M. Oshiro, McKelvey and Marumoto, Managers on the part of the House. Ayes, 5. Noes, none. Excused, none.

Conf. Com. Rep. No. 163-08 on S.B. No. 2546

This purpose of this bill is to:

- (1) Ensure the participation of various state agencies and lend further guidance in the development and implementation of comprehensive reentry plans and curricula to facilitate the reentry of persons released from correctional facilities into the community;
- (2) Ensure the provision of appropriate Department of Public Safety support to the Department of Human Services in coordinating and promoting research that evaluates the impact to a child of a parent's incarceration;
- (3) Require the implementation of a quarterly rotation system to address the inadequacy of correctional facility space for Hawaii prisoners returning from out-of-state facilities; and
- (4) Clarify that the meaning of the term "shall," as used in this bill, is mandatory and is not to be interpreted as being a directive or as having a discretionary meaning.

Your Committee on Conference has amended this bill by:

- (1) Removing the requirement for the Department of Public Safety to lend technical assistance to the Department of Human Services to coordinate and promote research on the impact of a parent's incarceration on their children;
- (2) Adding the requirement for the Department of Public Safety to promote research in collaboration with various state agencies, interested individuals, and other organizations on the impact of a parent's incarceration on the well-being of the offender's children and to examine the long-term effects on the relationship between the incarcerated parent and their children;
- (3) Changing the effective date to upon approval; and
- (4) Making technical, nonsubstantive amendments for the purpose of clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2546, 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. 2546, S.D. 2, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Espero, Tsutsui, Nishihara and Whalen, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Whalen). Representatives Evans, Waters, Har and Finnegan, Managers on the part of the House. Ayes, 3. Noes, none. Excused, 1 (Waters).

Conf. Com. Rep. No. 164-08 on S.B. No. 2843

The purpose of this measure is to encourage the recycling of electronic devices sold within the State by establishing an electronic device recycling program.

Your Committee has amended this measure to:

- (1) Exempt all telephones regardless of screen size;

- (2) Specify that "manufacturer" shall not include persons located in the State who manufacture specialized computers and have sales of no more than one hundred computers per year;
- (3) Clarify that "sell" or "sale" means any transfer for consideration of title, including transactions conducted through sales outlets, catalogs, or the Internet, but excluding leases;
- (4) Stipulate March 31, 2011 as the deadline for each manufacturer to initially submit to the DOH the total weight of all covered electronic devices recycled in the previous year;
- (5) Require the DOH, by July 1, 2011, and annually thereafter, to publish a ranking of all manufacturers selling covered electronic devices in the State;
- (6) Require the DOH to maintain a toll-free number with current information on where to return covered electronic devices for recycling;
- (7) Authorize the Attorney General to enforce this measure and take necessary action against any manufacturer or retailer for failure to comply;
- (8) Authorize the DOH to impose by order administrative penalties and to set, charge, and collect administrative fines and to recover administrative fees and costs;
- (9) Establish within the DOH a temporary working group to develop a plan to establish, conduct, and manage a program for the collection, transportation, and recycling of televisions sold in the State, to be implemented no later than January 1, 2010;
- (10) Redefine "covered electronic devices";
- (11) Omit the appropriation of funds for the establishment of the electronic device recycling program;
- (12) Change the effective date to July 1, 2008; and
- (13) Make technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2843, 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. 2843, S.D. 2, H.D. 3, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Menor, Baker, Fukunaga and Whalen, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Whalen). Representatives Morita, Yamashita, M. Oshiro, Carroll, Wakai and Ward, Managers on the part of the House. Ayes, 4. Noes, none. Excused, 2 (M. Oshiro, Ward).

Conf. Com. Rep. No. 165-08 on S.B. No. 2850

The purpose of this bill is to prevent and control the importation and spread of pests by:

- (1) Statutorily establishing the Department of Agriculture's (DOA's) Biosecurity Program (Program); and
- (2) Providing funding for the Program, and for the planning of interim and permanent joint inspection biosecurity facilities.

Your Committee on Conference has amended this measure by:

- (1) Providing that funds in the pest, quarantine, and eradication fund may be expended by DOA for biosecurity;
- (2) Making an appropriation to the pest, quarantine, and eradication fund in the amount of \$250,000 for the design and construction of the interim joint inspection facility and permanent joint inspection facility of DOA's biosecurity program;
- (3) Making an appropriation from the pest inspection, quarantine, and eradication fund of the State of Hawaii in the amount of \$6,000,000 to the Department of Agriculture for the purposes of this measure; and
- (4) Amending the effective date of this measure to July 1, 2008.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2850, 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. 2850, S.D. 2, H.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Tokuda, Menor, Baker, Gabbard and Slom, Managers on the part of the Senate. Ayes, 4. Noes, none. Excused, 1 (Slom). Representatives Tsuji, Morita, Hanohano, Brower and Thielen, Managers on the part of the House. Ayes, 5. Noes, none. Excused, none.

Conf. Com. Rep. No. 166-08 on S.B. No. 156

The purpose of this measure is to allow a registered voter to request an absentee ballot and at the same time to request to receive absentee ballots permanently.

A voter's permanent absentee voter status shall be terminated if any of the following conditions apply:

- (1) The voter requests in writing that such status be terminated;
- (2) The voter dies, loses voting rights, registers to vote in another jurisdiction, or is otherwise disqualified from voting;
- (3) The voter's absentee ballot, voter notification postcard, or any other election mail is returned to the clerk as undeliverable for any reason; or

(4) The voter does not return a voter ballot by 6:00 p.m. election day in both the primary and general election of an election year.

If a voter's permanent absentee voter status has been terminated due to one or more of the foregoing conditions, the voter shall be responsible for again requesting permanent absentee status.

The intent of your Committee on Conference is to facilitate the utilization of absentee ballots, thereby increasing voter participation in the electoral process.

Your Committee on Conference has amended this measure by:

- (1) Inserting an appropriation amount of \$35,000 out of the general fund to provide the five per cent state matching fund requirement needed to qualify for \$575,000 in federal funds to be used by the office of elections to fulfill the requirements of the federal Help America Vote Act of 2002;
- (2) Adding an appropriation of \$575,000 from federal funds, received pursuant to the federal Help America Vote Act of 2002, for the purpose of implementing and administering the permanent absentee voter program; and
- (3) Changing the effective date to July 1, 2008.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 156, 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. 156, S.D. 2, H.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Taniguchi, Baker, Hee, Kokubun, Tsutsui, Gabbard and Whalen, Managers on the part of the Senate. Ayes, 5. Noes, none. Excused, 2 (Gabbard, Whalen). Representatives Waters, Lee, Hanohano and Thielen, Managers on the part of the House. Ayes, 4. Noes, none. Excused, none.

Conf. Com. Rep. No. 167-08 on S.B. No. 3174

The purpose of this bill is to assist in addressing the problems of and provide further opportunities in affordable housing in the State.

Specifically, this bill provides assistance by:

- (1) Extending by five years the sunset date of the increase in the conveyance tax allocation to the Rental Housing Trust Fund to ensure continued funding and emphasis on providing rental housing to those in need;
- (2) Appropriating funds to assist developers in contracting for third-party review and certification to expedite the processing and issuance of building permits for affordable housing projects;
- (3) Establishing a self-help housing fund under the Hawaii Housing Finance and Development Corporation to provide funding for self-help housing projects; and
- (4) Increasing the Hawaii Housing Finance and Development Corporation revenue bond authorization from \$400,000,000 to an unspecified amount.

Your Committee on Conference finds that the affordable housing crisis continues to be one of the State's most significant and challenging social problems and is a critical issue for many Hawaii residents. Providing additional funds will aid in addressing the lack of affordable housing in the State.

Your Committee on Conference has amended this measure by:

- (1) Deleting language that extends by five years the sunset date of the increase in the conveyance tax allocation to the Rental Housing Trust Fund;
- (2) Deleting language that appropriates funds out of the general fund to assist developers in contracting for third-party review and certification to expedite the processing and issuance of building permits for affordable housing projects;
- (3) Deleting language that establishes a self-help housing fund under the Hawaii Housing Finance and Development Corporation to provide funding for self-help housing projects;
- (4) Deleting language that appropriates funds into and expends funds out of the Self-Help Housing Technical Assistance Fund to provide additional funding for technical assistance costs generated from self-help housing projects;
- (5) Inserting the amount of \$500,000,000 as the Hula Mae multifamily revenue bond authorization;
- (6) Changing the effective date from July 1, 2020, to July 1, 2008; and
- (7) Making technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3174, 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. 3174, S.D. 2, H.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Kokubun, Chun Oakland, Baker, Taniguchi and Trimble, Managers on the part of the Senate. Ayes, 4. Noes, none. Excused, 1 (Trimble). Representatives Shimabukuro, Ito, M. Oshiro, Karamatsu, Rhoads and Ward, Managers on the part of the House. Ayes, 6. Noes, none. Excused, none.

Conf. Com. Rep. No. 168-08 on S.B. No. 3252

The purpose of this bill is to address the teacher shortage problem in the State through various initiatives.

Specifically, this bill:

- (1) Appropriates funds for public school teachers and teacher candidates to take PRAXIS preparatory courses, tutorials, or programs to become highly qualified under the No Child Left Behind Act;
- (2) Provides teachers with at least ten years of prior teaching experience with ten years of service credit when determining the classification of a teacher hired to teach in a hard-to-fill school or subject area;
- (3) Provides local private school or out-of-state national board certified teachers with full credit for the teacher's total number of years of teaching experience;
- (4) Appropriates funds to establish Professional Development Schools for Hawaii public school teachers;
- (5) Appropriates funds to complex areas for academic coaches, professional development, and the retention of teachers;
- (6) Establishes the Teacher Housing Allowance program to provide housing assistance to teachers employed in schools in geographically isolated areas or hard-to-fill positions within the State and appropriates funds for the program;
- (7) Appropriates funds for the Hawaii Teacher Cadet Program to address the teacher shortage; and
- (8) Appropriates funds for a Hawaii Beginning Teacher Induction Pilot Program within the department of education.

Your Committee on Conference finds that the shortage of qualified teachers in our public schools continues to remain an issue of critical importance, which is not easily remedied. Instead, a comprehensive approach to developing, maintaining, and expanding a qualified teacher workforce is necessary to truly address and resolve the problem. This bill contains various programs and initiatives to reduce the teacher shortage, each of which addresses a different facet of the issue. However, adequate funding for all of these initiatives is not currently available. Therefore, funding priorities dictate that only specific initiatives may be funded at this time.

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

- (1) Inserting an appropriation amount of \$100,000 for public school teachers and teacher candidates to take PRAXIS preparatory courses, tutorials, or programs to become highly qualified under the No Child Left Behind Act;
- (2) Inserting an appropriation amount of \$200,000 to establish Professional Development Schools for Hawaii public school teachers;
- (3) Deleting the provision that provided teachers with at least ten years of prior teaching experience with ten years of service credit when determining the classification of a teacher hired to teach in a hard-to-fill school or subject area;
- (4) Deleting the provision that provided local private school or out-of-state national board certified teachers with full credit for the teacher's total number of years of teaching experience;
- (5) Deleting the appropriation to complex areas for academic coaches, professional development, and the retention of teachers;
- (6) Deleting the provisions that established the Teacher Housing Allowance program to provide housing assistance to teachers employed in schools in geographically isolated areas or hard-to-fill positions within the State and the appropriation for the program;
- (7) Deleting the appropriation for the Hawaii Teacher Cadet Program to address the teacher shortage; and
- (8) Deleting the appropriation for a Hawaii Beginning Teacher Induction Pilot Program within the Department of Education.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3252, 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. 3252, S.D. 2, H.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Sakamoto, Baker, Tokuda, Nishihara and Trimble, Managers on the part of the Senate. Ayes, 4. Noes, none. Excused, 1 (Trimble). Representatives Takumi, Sonson, Lee, Berg and Finnegan, Managers on the part of the House. Ayes, 5. Noes, none. Excused, none.

Conf. Com. Rep. No. 169-08 on S.B. No. 644

The purpose of this bill is to lessen Hawaii's dependence on fossil fuels by:

- (1) Requiring solar thermal water heaters installed in homes constructed after January 1, 2010, to comply with the standards of any ratepayer financed energy efficiency rebate program administered by an electric utility or public benefits fund administrator that is in effect at the time permits are issued for the home;
- (2) Requiring the Public Benefits Fund Administrator to support compliance verification of solar thermal water heaters installed in new single-family residences after January 1, 2010; and
- (3) Including in the Public Benefits Fund Administrator duties the responsibilities of:
 - (A) Maintaining or improving current residential solar thermal water heating system standards (standards);
 - (B) Verifying compliance with the standards; and
 - (C) Determining the necessity for, and convening as necessary, an advisory committee to review the standards.

Your Committee finds that crude oil prices have risen to over \$100 per barrel and, with no relief under the State's direct control in sight, the viability of the State's economy is in jeopardy. Part of the response to this situation is to require the installation of solar water heater systems in all new single-family dwellings. Doing so will accelerate the installation of this type of energy saving device, benefit owners and renters of newly constructed homes, and mitigate the impact that reliance on fossil fuels has on our environment

and economy. This mandate shifts energy policy away from government investment via tax credits to private sector investment in renewable energy that will result in greater benefit to the public at large.

Accordingly, your Committee has amended this measure by:

- (1) Changing the provision with respect to solar water heaters in new single-family residences to prohibit the issuance of a building permit for a single-family dwelling after January 1, 2010, that does not include a solar water heating system that meets standards to be established by the Public Utilities Commission;
- (2) Permitting the energy resources coordinator to approve a variance from the solar water heater system mandate if installation is impracticable or cost prohibitive, if a substitute renewable energy technology system is to be used, or if a gas-tankless demand water heater device is installed;
- (3) Deleting the provision requiring the Public Benefits Fund Administration to support compliance verification and deleting the new provisions relating to the Administrator's duties and responsibilities;
- (4) Requiring the Public Utilities Commission to establish standards for solar water heater systems by July 1, 2009, or as soon as reasonably practicable;
- (5) Adding a provision restricting the income tax credit for solar thermal energy systems for single-family residential property to systems for which a building permit was issued prior to January 1, 2010;
- (6) Prohibiting residential home developers from claiming the renewable energy technologies income tax credit for single-family solar thermal, wind energy, and photovoltaic energy systems installed and placed in service in 2009;
- (7) Changing the effective date from July 1, 2020, to upon approval and clarifying that section 4 shall apply to taxable years beginning after December 31, 2008; and
- (8) Making technical nonsubstantive changes for purposes of consistency and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 644, S.D. 3, H.D. 3, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 644, S.D. 3, H.D. 3, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Menor, Fukunaga, Baker, Hooser and Trimble, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 2 (Fukunaga, Trimble). Representatives Shimabukuro, Morita, Yamashita, M. Oshiro and Thielen, Managers on the part of the House. Ayes, 5. Noes, none. Excused, none.

Conf. Com. Rep. No. 170-08 on S.B. No. 871

The purpose of this measure is to establish a three-year pilot project in one or more school districts, chosen by the Department of Education and in partnership with the Department of Health, for recycling food waste as part of the State's integrated solid waste management plans under chapter 342G, Hawaii Revised Statutes.

Your Committee has amended this measure by:

- (1) Requiring the development and implementation of the three-year food waste recycling pilot project to be conducted in one or more schools, rather than school districts;
- (2) Requiring the Department of Education and the Department of Health to consider using public-private partnerships in developing and implementing the pilot project and encouraging them to seek and use public-private sector funding support;
- (3) Authorizing the acceptance and expenditure of private monetary donations to develop and operate the pilot project;
- (4) Changing the revenue source general funds and adding an appropriation amount of \$25,000; and
- (5) Changing the effective date to July 1, 2008, and providing that the measure be repealed on June 30, 2011.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 871, 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. 871, S.D. 2, H.D. 2, C.D. 1.

Signed by the Speaker and Chairs on behalf of the Committee. Senators Menor, Ige, Tsutsui, Hooser, Trimble and Kim, Managers on the part of the Senate. Ayes, 5. Noes, none. Excused, 1 (Trimble). Representatives Takumi, Carroll, Lee and Thielen, Managers on the part of the House. Ayes, 4. Noes, none. Excused, none.

Conf. Com. Rep. No. 171-08 on S.B. No. 2082

The purpose of this bill is to create a strategic plan to provide adequate services to female prisoners who are residents of Hawaii and are returning to Hawaii after being incarcerated on the mainland.

Your Committee on Conference amended this bill by:

- (1) Inserting the amount of \$100,000 to be appropriated out of the General Fund for the Department of Public Safety to develop a strategic plan to ensure successful reentry into the community of as many female prisoners as possible who are returning from incarceration on the mainland and who are residents of the State of Hawaii; and
- (2) Making technical, nonsubstantive amendments for the purpose of clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2082, 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. 2082, S.D. 2, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Espero, Baker, Nishihara and Whalen, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Whalen). Representatives Evans, Har and Finnegan, Managers on the part of the House. Ayes, 3. Noes, none. Excused, none.

Conf. Com. Rep. No. 172-08 on S.B. No. 1804

The purpose of this bill is to establish additional funding mechanisms to enhance the availability of revenues in the Trauma System Special Fund to ensure the availability of care for trauma patients in the State.

Your Committee in Conference finds that a January 2006 report by the legislative reference bureau, entitled "On-Call Crisis in Trauma Care: Government Responses", noted that the rationale for public support of uncompensated trauma services is the same as for critical police and fire services: a trauma system is a necessary public service that ought to be publicly supported.

In light of these findings, Acts 305 and 316, Session Laws of Hawaii 2006, were enacted to ensure and encourage the availability of trauma care in the State by creating a trauma system special fund and dedicating a portion of the revenues generated from cigarette and tobacco tax to the special fund.

The legislature acknowledges that there is a desperate need to expand the resources available for trauma care in Hawaii. It is also evident that additional resources are needed immediately to ensure the health, welfare, and safety of the citizens of our State.

Your Committee on Conference upon further consideration has made the following amendments to S.B. No. 1804, S.D. 2, H.D. 2:

- (1) Deleted the purpose section language;
- (2) Inserting language that provides for surcharges, to be deposited into the trauma system special fund, for violations of the following offenses:
 - (a) Child passenger restraints;
 - (b) Mandatory use of seat belts;
 - (c) Inattention to driving;
 - (d) Accidents involving death or serious bodily injury;
 - (e) Accidents involving substantial bodily injury;
 - (f) Accidents involving bodily injury;
 - (g) Accidents involving damage to a vehicle or property;
 - (h) Duty to give information and render aid;
 - (i) Duty upon striking unattended vehicle or other property;
 - (j) Immediate notice of accident;
 - (k) Racing on highways;
 - (l) Speeding in a school zone or construction area;
 - (m) Excessive speeding;
 - (n) Operating a vehicle under the influence of an intoxicant; and
 - (o) Habitually operating a vehicle under the influence of an intoxicant;
- (3) Deleting the requirement that, to remain eligible for reimbursements, all level I or level II trauma centers shall have at least annual on-site verification visits by the department and an on-site verification visit by the American College of Surgeons at least every three years;
- (4) Deleting the appropriation provisions; and
- (5) Made technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1804, 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. 1804, S.D. 2, H.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Ige, Baker, Fukunaga and Hemmings, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Hemmings). Representatives Waters, Souki, M. Oshiro, Mizuno and Pine, Managers on the part of the House. Ayes, 5. Noes, none. Excused, none.

Conf. Com. Rep. No. 173-08 on S.B. No. 2083

The purpose of this bill is to permit the Judiciary to assess a fee to a parolee or probationer that applies for a transfer out of Hawaii and to increase the membership of the State Council for Interstate Adult Offender Supervision. This bill also appropriates funds for one full-time coordinator position to carry out the duties of the Interstate Compact for the supervision of adult offenders.

Your Committee on Conference has amended this bill by:

- (1) Adding the requirement that the one full-time coordinator position for the supervision of adult offenders be appointed by the Judiciary;
- (2) Deleting the appropriation from the General Fund for one full-time coordinator position to help carry out the duties of the Interstate Compact for the supervision of adult offenders;
- (3) Changing the effective date to July 1, 2008; and
- (4) Making technical, nonsubstantive amendments for the purpose of clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2083, 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. 2083, S.D. 2, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Espero, Taniguchi, Tsutsui and Whalen, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Whalen). Representatives Evans, Waters, Har and Finnegan, Managers on the part of the House. Ayes, 4. Noes, none. Excused, none.

Conf. Com. Rep. No. 174-08 on S.B. No. 2423

The purpose of this measure is to direct the Department of Land and Natural Resources or any appropriate entity of the State to acquire lands situated in central Oahu owned by the Galbraith Estate by negotiation or condemnation.

This purpose of this measure has been amended and now authorizes the Governor of the State of Hawaii to negotiate on behalf of the State with private interested parties to purchase the resort property located in Kahuku, Oahu owned by Oaktree Capital Management, LLC, through its subsidiary Kuilima Resort Company and their successor in interest. The subject property under negotiation includes the lands known as the Turtle Bay Hotel and Resort.

The measure has been supported by the Governor of the State of Hawaii, Office of Planning, Sierra Club - Hawaii Chapter, Koolauloa-North Shore Alliance, Save Our Surf, Windward Ahupuaa Alliance, Trust for Public Land and numerous concerned individuals. Therefore, the Legislature finds this measure necessary to protect pristine lands, needed jobs and endangered species.

It is the intent of the Legislature that the Governor is authorized to:

- (1) Negotiate with Kuilima Resort Company, Oaktree Capital Management, LLC, and others holding interest in the property;
- (2) Enter into a cooperative agreement with private or other public entities to cooperatively acquire the property if acquisition of the sole interest in the property is infeasible; or
- (3) Exercise the power of eminent domain on all or part of the property if an agreement to acquire the property is not reached within a reasonable time.

Your Committee on Conference has amended this bill by:

- (1) Removing Section 7 to allow the Governor to set the base at an appropriate level; and
- (2) Amending the effective date to take effect upon approval; provided that section 6 shall take effect on July 1, 2008.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2423, 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. 2423, S.D. 2, H.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Hee, Baker, Fukunaga and Whalen, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Whalen). Representatives Ito, Yamane, M. Oshiro, Karamatsu, Magaoy and Thielen, Managers on the part of the House. Ayes, 6. Noes, none. Excused, none.

Conf. Com. Rep. No. 175-08 on S.B. No. 2915

The purpose of this measure is to guide policy and prioritize research for the protection of taro by establishing the Taro Security and Purity Task Force (Task Force) and appropriating funds for that purpose.

Your Committee on Conference has amended this measure by:

- (1) Including a representative of Onipaa Na Hui Kalo in the Task Force;
- (2) Requiring the Task Force to prioritize its objectives in order to ensure that it is able to sufficiently address and render conclusions;
- (3) Requiring the Task Force to issue a preliminary report to the Legislature prior to the convening of the 2009 Regular Session and its final report prior to the convening of the 2010 Regular Session;
- (4) Making an appropriation of \$325,000 from the general fund and requiring matching funds from the Office of Hawaiian Affairs; and
- (5) Amending the effective date to July 1, 2008.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2915, 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. 2915, S.D. 2, H.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Tokuda, Tsutsui, English and Slom, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Slom). Representatives Tsuji, M. Oshiro, Hanohano and Meyer, Managers on the part of the House. Ayes, 3. Noes, none. Excused, 1 (Meyer).

Conf. Com. Rep. No. 176-08 on S.B. No. 2198

The purpose of this measure is to encourage the protection and preservation of land in the State by establishing a Land Conservation Incentives Tax Credit (Tax Credit). Specifically, this bill allows taxpayers to deduct:

- (1) Fifty percent of the value of the interest in lands donated in perpetuity or sold in a bargain sale for conservation purposes to the State or a conservation agency; or
- (2) Fifty percent of the amount invested in the management of lands for conservation purposes under an agreement with a conservation purpose, up to \$2,500,000, from their net income tax liability.

Your Committee on Conference has amended this measure by:

- (1) Adding an amendment to section 205-45(a), Hawaii Revised Statutes, to allow the holder of an interest in agricultural land that qualifies for the land conservation incentives tax credit to petition the Land Use Commission to designate agricultural lands as important agricultural lands;
- (2) Decreasing the maximum individual donation tax credit amount from \$2,500,000 to \$1,000,000;
- (3) Decreasing the maximum land conservation tax credit from \$3,000,000 to \$1,000,000 in the aggregate for all qualified taxpayers for all years; and
- (3) Making the measure effective on July 1, 2008; provided that the measure shall be repealed on December 31, 2013.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2198, 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. 2198, S.D. 2, H.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Hee, Fukunaga, Baker and Whalen, Managers on the part of the Senate. Ayes, 3. Noes, none. Excused, 1 (Whalen). Representatives Ito, Tsuji, Karamatsu, Brower and Meyer, Managers on the part of the House. Ayes, 4. Noes, none. Excused, 1 (Meyer).

Conf. Com. Rep. No. 177-08 (Majority) on S.B. No. 2646

The purpose of this measure is to provide a comprehensive set of incentives to establish and sustain viable agricultural operations on lands designated as important agricultural lands (IALs) and to trigger the designation of IALs as established in section 205-46, Hawaii Revised Statutes. This bill, among other things;

- (1) Excludes income from certain agricultural leases on lands designated as IALs from the income tax;
- (2) Exempts income from certain agricultural leases on lands designated as IALs from the general excise tax (GET);
- (3) Allows landowners who have designated their agricultural lands as IALs to construct residential dwellings for farmers, employees, and their families on the IALs, subject to certain conditions;
- (4) Establishes an IAL Qualified Agricultural Cost Tax Credit (IAL Tax Credit) for qualified agricultural costs incurred by taxpayers, up to an unspecified maximum amount per year for each taxpayer;
- (5) Authorizes the Chairperson of the Board of Agriculture to guarantee agricultural loans for agricultural projects located on IALs up to an annual aggregate cap of \$2,500,000;
- (6) Requires the Department of Agriculture (DOA) to include the water needs of IAL agricultural operations when developing the Water Use and Development Plan;
- (7) Requires the priority processing of permit applications for agricultural processing facilities submitted by an agribusiness, where the majority of the agribusinesses' lands are designated as IALs; and
- (8) Requires:
 - (A) DOA and Department of Land and Natural Resources (DLNR) to collaborate to identify and map public lands that should be designated as IALs;
 - (B) The Land Use Commission to designate these lands as IALs; and
 - (C) Management of such lands to be transferred to DOA.

Your Committee on Conference has amended this measure by:

- (1) Reducing the allowable amount of land used for farm dwellings or employee housing to five per cent of the total designated IALs or fifty acres, whichever is less;
- (2) Eliminating income exclusions on certain agricultural leases and income exemptions from the general excise tax;
- (3) Amending the "important agricultural land qualified agricultural cost tax credit" to be refundable up to fifty percent over three years with an annual aggregate cap of \$7,500,000;
- (4) Making an appropriation of \$50,000 to the Department of Agriculture to administer the important agricultural and qualified agricultural cost tax credit;
- (5) Clarifies that under "qualified agricultural costs" in a new section in chapter 235, Hawaii Revised Statutes, agricultural housing will be exclusively for agricultural purposes and occupied solely by farmers and employees for agricultural business and their immediate family members;
- (6) Deleting the section of the bill that would have repealed the tax credit established by section 235-110.46, Hawaii Revised Statutes, the Ko Olina Tax Credit, but providing that the Agricultural Investment Tax Credit becomes effective after the tax credit established by section 235-110.46, Hawaii Revised Statutes, is expired or exhausted;

- (7) Providing that a landowner of agricultural lands may petition the State Land Use Commission to designate lands as IALs, and may seek reclassification of a portion of the agricultural lands to the rural, urban, or conservation district provided that at least eighty-five percent of the total acreage is sought to be designated as IALs;
- (8) Providing that once agricultural lands are reclassified to rural, urban, or conservation district as a result of designating IALs, that to reclassify any of those IALs the landowner must obtain legislative approval by way of a concurrent resolution approved by two-thirds of both the Senate and House of Representatives; and
- (10) Making technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2646, 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. 2646, S.D. 2, H.D. 2, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Tokuda, Hee, Fukunaga, Baker, Kokubun and Slom, Managers on the part of the Senate. Ayes, 3. Noes, 1 (Kokubun). Excused, 2 (Fukunaga, Slom). Representatives Ito, Tsuji, Karamatsu, Brower, Hanohano and Meyer, Managers on the part of the House. Ayes, 4. Noes, none. Excused, 2 (Hanohano, Meyer).

Conf. Com. Rep. No. 178-08 on H.B. No. 1412

The purpose of this bill is to enhance the ability of the Department of Taxation to upgrade its computer system and streamline related operation procedures.

Your Committee on Conference has amended this bill by:

- (1) Appropriating \$2,900,000 from the general fund of the State to the Integrated Tax Information Management Systems Special Fund; and
- (2) Making technical, nonsubstantive amendments for consistency and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1412, 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. 1412, H.D. 1, S.D. 1, C.D. 1.

Signed by the Chairs on behalf of the Committee. Senators Fukunaga, Baker, Ige, Hooser and Hemmings, Managers on the part of the Senate. Ayes, 4. Noes, none. Excused, 1 (Hemmings). Representatives M. Oshiro, Karamatsu, Magaoay and Ward, Managers on the part of the House. Ayes, 4. Noes, none. Excused, none.

STANDING COMMITTEE REPORTS

SCRep. 2001 Transportation and International Affairs on S.B. No. 2156

The purpose of this measure is to create the informal, temporary West Maui transportation access plan working group within the Department of Transportation to develop a West Maui transportation access plan to address road closures in West Maui.

Testimony in support of this measure was received from the Department of Transportation (Department); the Hawaii Building and Construction Trades Council, AFL-CIO; Maui Land & Pineapple Company, Inc.; Lahaina Bypass Now, and one individual. The State Procurement Office and one individual submitted testimony in opposition.

Your Committee finds that the transportation access issues addressed in this measure may also be concerns for other areas in the State, and this planning process could serve as a model for developing plans in areas having similar problems, such as West Kauai, Waianae, and the Kealahou area. Your Committee notes the Department's recommendation that the working group be the responsibility of the County of Maui, but believes this is an issue for continuing discussion in subsequent legislative committees.

As affirmed by the record of votes of the members of your Committee on Transportation and International Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2156 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 3 (Hooser, Inouye, Tsutsui).

SCRep. 2002 (Joint) Transportation and International Affairs and Human Services and Public Housing on S.B. No. 2513

The purpose of this measure is to establish within the Department of Labor and Industrial Relations one full-time coordinator position to assess and enhance the delivery of self-sufficiency services to individuals present in Hawaii under the Compacts of Free Association.

Testimony in support of this measure was received from the Department of Labor and Industrial Relations and two individuals.

Your Committees find that the Compacts of Free Association in place between the United States and the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau authorize unrestricted immigration into the United States, its territories and possessions, enabling citizens of these nations to enter therein, lawfully engage in occupations, and establish residence as non-immigrant aliens. For many of these immigrants to Hawaii, however, finding a job may be difficult, and self-sufficiency services are critical.

Your Committees are strongly supportive of the concepts in this measure, and the continuing work of the task force established by Senate Resolution No. 142, S.D. 1 (2007), to determine how to coordinate the provision of these services. Your Committees also find that alternative methods of funding should be considered for both services and the coordination of services, in particular federal funds, and defer to the Committee on Ways and Means for further discussion of funding sources.

Your Committees have amended this measure to correct a reference to the Department of Labor and Industrial Relations and by making a technical, nonsubstantive amendment.

As affirmed by the records of votes of the members of your Committees on Transportation and International Affairs and Human Services and Public Housing that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2513, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2513, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 7. Noes, none. Excused, 4 (Hooser, Inouye, Sakamoto, Tsutsui).

SCRep. 2003 Transportation and International Affairs on S.B. No. 2695

The purpose of this measure is to direct the Department of Transportation to determine the need for noise barriers along H-1 and the possible costs and benefits of erecting noise barriers to mitigate the negative impact of highway noise in residential areas.

Testimony in support of this measure was received from the Department of Transportation (Department).

Your Committee finds that noise barriers may offer relief for residential areas near heavily traveled highways and roads, if they are designed to meet the needs and specifications of each residential area. Your Committee notes that the Department is in the process of developing a noise policy and retrofit applications for Hawaii roadways, and supports the continuation of this effort.

As affirmed by the record of votes of the members of your Committee on Transportation and International Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2695 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 3 (Hooser, Inouye, Tsutsui).

SCRep. 2004 Intergovernmental and Military Affairs on S.B. No. 2440

The purpose of this measure is to make an appropriation for the Maui Office of Veterans' Services.

Your Committee received testimony in support of this measure from the Office of Veterans' Services; Vietnam Veterans of Maui; and one individual.

The appropriation under this measure is required to hire personnel, purchase furniture and equipment, and make office renovations. Testimony indicated that the Maui facility is in dire need of a counselor position, a clerical position, and office equipment and renovations.

As affirmed by the record of votes of the members of your Committee on Intergovernmental and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2440 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, none.

SCRep. 2005 Intergovernmental and Military Affairs on S.B. No. 2447

The purpose of this measure is to increase the uniform maintenance allowance for enlisted personnel of the Army and Air National Guard.

Your Committee received testimony in support of this measure from the Hawaii National Guard Enlisted Association; the Hawaii National Guard Association; and The Chamber of Commerce of Hawaii.

Current law provides for an allowance of \$1.50 per day, enacted by Act 49, Session Laws of Hawaii 1975, from the State to be paid while an Army or Air National Guard enlisted personnel is in annual training or year-round training, when federal pay is authorized, or when ordered to state active duty in accordance with law. The allowance is not paid when personnel are actually called or ordered into service by the United States or under authority of the President. This measure would increase the amount to \$10 per day, not to exceed \$150 per year, payable from the State.

The intent of your Committee is to bring the maintenance allowance in line with inflation.

As affirmed by the record of votes of the members of your Committee on Intergovernmental and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2447 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, none.

SCRep. 2006 Intergovernmental and Military Affairs on S.B. No. 2448

The purpose of this measure is to exempt noncommercial motor vehicles registered to a member of the National Guard, military reserve, or armed service, including the U.S. Coast Guard, from the vehicle tax and registration fee if the member is assigned to a unit in the State and is a member in good standing.

Your Committee received testimony in support of this measure from the Department of Taxation, State Department of Defense, Hawaii National Guard Enlisted Association, Hawaii National Guard Association, and The Chamber of Commerce of Hawaii. Comments were received from the Tax Foundation of Hawaii.

Your Committee finds that this measure provides for a much deserved exemption from the vehicle tax and registration fees associated with licensing a motor vehicle. Members of the various armed services that protect this country should be exempt from taxation on their vehicle, especially during their absence when called to active duty.

This measure is consistent with federal law under the Servicemembers Civil Relief Act of 2003, which replaced the Soldiers' and Sailors' Civil Relief Act of 1940.

Your Committee has amended this measure by:

- (1) Correcting a federal law cross-reference;
- (2) Amending the sections of the Hawaii Revised Statutes pertaining to vehicle taxes and registration fees, rather than adding a new section to Hawaii law; and
- (3) Clarifying that active duty members of the armed services are also eligible for the exemption.

As affirmed by the record of votes of the members of your Committee on Intergovernmental and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2448, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2448, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, none.

SCRep. 2007 Transportation and International Affairs on S.B. No. 2696

The purpose of this measure is to establish within the Department of Transportation a task force on road repair and maintenance to study long-term repair and maintenance solutions and current conditions and methodologies for improving Hawaii's roads and bridges.

Testimony in support of this measure was received from the Hawaii Transportation Association. The Department of Transportation (DOT) testified that the measure is unnecessary.

Your Committee finds that the poor condition of many of Hawaii's roads, highways, and bridges is a continuing frustration for Hawaii drivers. Potholes in particular affect traffic flow, compromise safety, and can lead to expensive repairs for vehicles damaged as a result of the lack of timely repairs and maintenance.

In its testimony, the DOT noted several ongoing efforts, both within the department and with the counties and the transportation industry, to address transportation related repair and maintenance. Your Committee acknowledges this work, but finds that further planning and coordination is not only necessary, it can enhance the department's current approach to road and bridge repair and maintenance. In addition, your Committee asked the DOT to provide a report on the current status of roads and bridges in Hawaii, in order to determine what further actions might be taken.

As affirmed by the record of votes of the members of your Committee on Transportation and International Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2696 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Ayes with Reservations, 1 (Trimble). Noes, none. Excused, 3 (Hooser, Inouye, Tsutsui).

SCRep. 2008 Intergovernmental and Military Affairs on S.B. No. 2015

The purpose of this Act is to appropriate moneys to the Pacific Aviation Museum at Pearl Harbor for phase 2 of the museum's development.

Your Committee received testimony in support of this measure from the Department of Defense; Office of Veterans' Services; The Chamber of Commerce of Hawaii; the Pacific Aviation Museum; Veterans of Maui County; Air Force Association; Fleet Street Graphics; Kauai Veterans Museum; Kaimana Aviation; and eleven individuals.

The Pacific Aviation Museum at Pearl Harbor, established in 1999, is a not-for-profit organization that is exempt from Internal Revenue Code 501(c)(3) for tax purposes. The museum is currently contributing to the State's economy with the first of four phases. The museum's purpose is to develop a portion of Ford Island into a nationally recognized museum that will preserve aviation history, provide education to the young and old alike, and honor the patriotism, valor, and sacrifice made by aviators and their support personnel in the defense of freedom in the Pacific. When completed, the new museum will include exhibits reflecting World War II, the Korean War, the Vietnam conflict, the Cold War, and current American air power. Phase I, which opened on December 7, 2006, features diorama exhibits of the early events of World War II, period and reproduction aircraft, an aviation education center, a flight simulation center, a theater, a museum store, a food service area, and the museum's offices.

Additional state funds are necessary to provide the foundation for phase 2 of the museum to be housed in hangar 79 on Ford Island. Phase 2 development will include plans, design, and construction to improve and restore hangar 79, which comprises eighty-five thousand square feet. Phase 2 exhibits will encompass the remaining campaigns of World War II together with an introduction to the Korean War and the Vietnam conflict. The current cost to complete phase 2 is estimated to be \$33,000,000. The legislature has appropriated to date, \$1,000,000 for phase 2 - \$500,000 in each of fiscal years 2006-2007 and 2007-2008. During the first quarter of 2008, the museum plans to open a California office to launch a national campaign to fund the balance of phase 2. The State's ongoing support is extremely important in demonstrating to potential mainland funding sources the State's strong backing of the expanded museum. It is essential that the State appropriate the crucial funds to preserve aviation history and honor those who fought for our freedom.

Your Committee believes that Hawaii deserves to be the home of a world class museum depicting its proud military heritage and serving as a documentary repository and learning medium for future generations.

As affirmed by the record of votes of the members of your Committee on Intergovernmental and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2015 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, none.

SCRep. 2009 (Majority) Intergovernmental and Military Affairs on S.B. No. 3160

The purpose of this measure is to make an appropriation for the design, construction, and exhibits of the National Museum of the United States Army.

Your Committee received testimony in support of this measure from the Department of Defense and The Chamber of Commerce of Hawaii.

In 2013, the National Museum of the United States Army will open in the heart of the national capitol region. The National Museum of the United States Army is a long-overdue tribute to the service and sacrifice of soldiers from colonial times to the present. The museum will preserve the rich history of the Army and provide a million visitors annually with an appreciation of the Army's contributions to the nation.

Hawaii's veterans are a major segment of the history of the United States Army. The 100th Battalion and the 442nd Infantry Division in World War II, the soldiers who served in the Korean and Vietnam Wars, and the troops from Schofield Barracks who are currently deployed to the Middle East, are tributes to Hawaii's heroic tradition of military service.

Your Committee has amended this measure by making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Intergovernmental and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3160, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3160, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, none. Ayes with Reservations, 2 (Inouye, Tsutsui). Noes, 1 (Hemmings). Excused, none.

SCRep. 2010 Intergovernmental and Military Affairs on S.B. No. 2812

The purpose of this measure is to create the Hawaii military family relief trust fund from which moneys may be expended for purposes of the Hawaii military family relief program to defray the costs of food, housing, utilities, medical services, and other expenses of members of the Hawaii national guard and Hawaii residents who are members of the reserve components of the armed forces of the United States.

Your Committee received testimony in support of this measure from the State Department of Defense.

Funds in the Hawaii military family relief trust fund would be realized from general appropriations and moneys received from public and private sources as gifts, grants, and donations. This measure would apply to qualifying personnel who have served on active service as part of Operation Enduring Freedom, Operation Iraqi Freedom, or Operation Noble Eagle and were discharged or released under honorable conditions from service. This measure provides for one time lump-sum payments of \$1,000 for active service in Afghanistan or Iraq, and \$500 for active duty within the continental limits of the United States or outside the continental limits of the United States other than in Afghanistan or Iraq.

Your Committee has amended this measure by making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Intergovernmental and Military Affairs 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 Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, none.

SCRep. 2011 (Majority) Intergovernmental and Military Affairs on S.B. No. 2901

The purpose of this measure is to clarify Act 213, Session Laws of Hawaii 2007, to add a proviso that the general obligation bond fund appropriation for repairs and improvement work at veterans cemeteries statewide shall be allocated equally among the respective counties.

Your Committee received testimony in support of this measure from the Kauai County Council and the Kauai Council of the Navy League. Testimony in opposition was received from the Department of Defense. Comments were received from the Mayor of the County of Hawaii.

Your Committee notes that there is some ambiguity regarding who is responsible for funding the maintenance and repair of veterans' cemeteries. On the one hand, section 363-3, Hawaii Revised Statutes (HRS), relating to the activities of the Office of Veterans' Services, seems to place the responsibility for repair and maintenance with the Department of Defense or the Department of Accounting and General Services by requiring the Director of the Office of Veterans' Services to:

Inspect every three years all state war memorials and veterans' cemeteries for repair and maintenance deficiencies, and report all repair and maintenance problems at these memorials and cemeteries to the adjutant general, the comptroller, and the legislature prior to the start of the next regular session.

On the other hand, section 363-5, HRS, places the responsibility on the counties. It states in pertinent part:

The councils of the counties of Hawaii, Kauai, and Maui shall each provide for the establishment of the veterans cemetery or cemeteries to be located within their respective counties, which includes grading, filling, leveling, platting, paving of roadways and walks, installation of curbs, building of fences, planting of grass, trees and shrubs, erection of memorial buildings and monuments, and building of other necessary or convenient structures, and shall make provisions for the maintenance and upkeep of such cemetery or cemeteries.

Furthermore, it appears that the Department of Defense is responsible for the repair and maintenance of veterans cemeteries on Oahu.

While your Committee believes that the superseding responsibility for the repair and maintenance of veterans cemeteries on the neighbor island counties rests with the respective county, as provided by the more specific section 363-5, HRS, your Committee also believes that more information about past and present funding is warranted. Accordingly, your Committee respectfully requests the Mayors of the counties of Maui, Kauai, and Hawaii, respectively, to provide your Committee with:

- (1) An accounting of state funding that has been provided to each of the counties of Kauai, Maui, and Hawaii in the past three years for the repair and maintenance of veterans cemeteries; and
- (2) Information regarding each county's current request for funding for the next fiscal year for such repair and maintenance.

Without an accounting, the Committee on Ways and Means may not be able to justify making an appropriation or a grant-in-aid to the counties for this purpose.

Meanwhile, as your Committee recognizes the importance of repairing and maintaining the veterans' cemeteries statewide, your Committee will leave an avenue open for providing funding relief and further discussion.

Accordingly, your Committee has amended this measure by deleting the provision for a budget proviso and substituting a blank appropriations section.

As affirmed by the record of votes of the members of your Committee on Intergovernmental and Military Affairs 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 Chair on behalf of the Committee. Ayes, 2. Noes, 1 (Hemmings). Excused, none.

SCRep. 2012 Transportation and International Affairs on S.B. No. 520

The purpose of this short form bill is to amend the law relating to international affairs.

Your Committee has amended this measure by deleting its contents and inserting the language from S.B. No. 2267 to:

- (1) Amend section 201-17, Hawaii Revised Statutes, to establish a peace mission committee of seven members within the Office of International Affairs to plan and develop peace missions, cultural exchange and goodwill programs, and charitable donation

programs with other nations; provided that the programs do not violate any treaties or international policies involving the United States; and

- (2) Appropriate \$500,000 for fiscal year 2008-2009 to be expended by the Department of Business, Economic Development, and Tourism, for the purposes of the Act.

Your Committee has amended this measure to resolve a bill title-subject matter concern raised in testimony submitted for S.B. No. 2267, scheduled for hearing on January 30, 2008. The Department of the Attorney General testified that the bill has a constitutional flaw in that the title concerns the Office of International Relations, but the subject of the bill is the statute relating to the Office of International Affairs.

Your Committee noted in the January 30 hearing that the contents of S.B. No. 2267 would be incorporated in S.B. No. 520, Relating to International Affairs, which would resolve the title issue, and testimony submitted for S.B. No. 2267 was accepted on the subject matter.

Testimony in support was received from the United Nations Association of the United States of America, Hawaii Division; Department of Business, Economic Development, and Tourism; Department of Education; Hawaii Lions Clubs; and one individual. The Department of the Attorney General submitted comments regarding the title flaw.

Your Committee notes that the Department of the Attorney General had no objection to the subject matter of the bill, and by inserting the contents under a more appropriate measure title, the concept can proceed on its merit for further legislative discussion.

As affirmed by the record of votes of the members of your Committee on Transportation and International Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 520, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 520, S.D. 1, and be recommitted to the Committee on Transportation and International Affairs, for further consideration.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 2 (Hooser, Tsutsui).

SCRep. 2013 (Joint) Human Services and Public Housing and Education on S.B. No. 2822

The purpose of this measure is to appropriate temporary assistance for needy families funds for non-school hour programs to be expended by the Department of Education, the Department of Human Services Office of Youth Service, and the Department of Parks and Recreation of each county.

Testimony in support of this measure was submitted by the Department of Education, the Island of Hawaii Young Men's Christian Association, and Kids hurt too. Comments on the measure were submitted by the Department of Human Services and the Office of Youth Service.

Your Committees find that various organizations continue to make great efforts to establish and maintain safe and structured learning environments for school aged children during non-school hours. Your Committees recognize that these organizations have been making significant impacts in their respective communities, and believe that appropriating moneys to support their efforts is a worthwhile endeavor. Your Committees wish to indicate that they were not able to include other commendable community programs in this measure, and that the Committee on Ways and Means may wish to consider funding additional programs, such as the Palolo outreach program for at-risk youth sponsored by the Kaimuki-Waialae Young Men's Christian Association.

Your Committees further find that it would be appropriate to add the language of S.B. No. 2875, which appropriates moneys to the Safe Haven demonstration project in the County of Hawaii, and S.B. No. 2242, which establishes a task force on non-school-hour programs and appropriates general funds for non-school-hour activities and a program coordinator position, to this measure to create an omnibus non-school-hours measure. Accordingly, your Committees have amended this measure by:

- (1) Incorporating the contents of S.B. No. 2875, relating to the Safe Haven demonstration project in Hawaii county, and S.B. No. 2242, relating to a task force on non-school-hour programs, into this measure; 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 Human Services and Public Housing and Education that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2822, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2822, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 7. Noes, none. Excused, 4 (Hee, Hooser, Taniguchi, Hemmings).

SCRep. 2014 Human Services and Public Housing on S.B. No. 2047

The purpose of this measure is to create an income tax credit for taxpayers who make modifications to their home to increase accessibility for the disabled.

Testimony in support of this measure was submitted by AARP Hawaii. Testimony supporting the intent of this measure was submitted by the Hawaii Department of Taxation and the State Council on Developmental Disabilities. The Department of Taxation indicated a preference for the language of S.B. No. 3117 that was submitted by the Administration. Comments on the measure were submitted by the Legislative Tax Bill Service and by the Maui County Council on Aging.

Your Committee finds merit in the Department of Taxation's preference for some of the language of S.B. No. 3117. Specifically, S.B. No. 3117 expressly includes in its purpose section the facilitation of aging-in-place as well as increasing accessibility for the disabled. Accordingly, your Committee has amended this measure by incorporating some of the language of S.B. No. 3117 by:

- (1) Amending its purpose section to reflect that the tax credit is meant to facilitate aging-in-place, in addition to increasing accessibility for the disabled;

- (2) Setting maximum claim amounts for certain tax filing categories;
- (3) Expanding the definition of “accessibility features” to include lift mechanisms; and
- (4) Incorporating the definitions of “disability”, “elderly person”, and “residence”.

Your Committee has also amended this measure 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 Human Services and Public Housing 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 Economic Development and Taxation.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Hooser, Sakamoto).

SCRep. 2015 Education on S.B. No. 2472

The purpose of this measure is to assist nonprofit private schools that serve the general public through the authorization of the issuance of special purpose revenue bonds to assist Mohala Pua School, doing business as Honolulu Waldorf School, in the planning, construction, and improvement of its educational facilities.

Testimony in support of this measure was submitted by the Hawaii Association of Independent Schools and the Honolulu Waldorf School. Comments on the measure were also submitted by the Department of Budget and Finance.

Your Committee finds that pursuant to part VIII, chapter 39A, Hawaii Revised Statutes, special purpose revenue bonds may be issued to assist not-for-profit private nonsectarian and sectarian elementary schools, secondary schools, colleges, and universities that serve the general public. This measure will support the educational needs of the State’s children by allowing the Honolulu Waldorf School to upgrade and renovate its current facilities, including rooms for music, art, and learning support, and construct a new building to expand the campus to include facilities for students in grades nine through twelve without relying entirely on the monetary contributions of the school’s alumni, friends, and other supporters. Your Committee believes that the issuance of special purpose revenue bonds under this measure is in the public interest and for the public’s general welfare.

However, the Department of Budget and Finance raised the concern that the measure failed to allow for the aggregation of bond issuances, which would provide greater flexibility to the department. Accordingly, your Committee has amended this measure by:

- (1) Including language to allow the Department of Budget and Finance to combine into a single issue of special purpose revenue bonds two or more proposed issues, provided that the total amount does not exceed the aggregate of the proposed separate issues of special purpose revenue bonds; and
- (2) Changing the effective date to July 1, 2050, to facilitate further discussion on the matter.

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. 2472, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2472, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 6. Ayes with Reservations, 1 (Slom). Noes, none. Excused, 2 (Hee, Taniguchi).

SCRep. 2016 (Joint) Education and Human Services and Public Housing on S.B. No. 2005

The purpose of this measure is to establish rules for the provision of transportation services and school placement decisions for foster children.

Testimony in support of this measure was submitted by the Department of Human Services, the Department of Education, the Special Education Advisory Council, the Legal Aid Society of Hawaii, the Hawaii Foster Youth Coalition, and the Community Children’s Council Office.

Your Committees find that children placed in foster care often experience not only psychological and emotional trauma, but also additional problems due to their displacement from their families, friends, and schools. Your Committees further find that to the extent that greater stability can be provided in the lives of foster children, they will reap great benefits in their homes and in their schools. This measure provides that, whenever possible, a foster child continue enrollment in the foster child’s current school, even when the foster child is moved into a different foster placement; provided that such decision is based upon what is in the foster child’s best interest.

Upon further consideration and review of the testimony provided, your Committees are mindful that decisions for school placement of a foster child should not be left solely to the discretion of the Department of Education, but should involve input from the foster child’s social worker, guardian ad litem, and the family court, as applicable and as appropriate.

Accordingly, your Committees have amended this measure by:

- (1) Clarifying the definition of “foster child” to mean a child placed in foster care or permanent custody of the Department of Human Services pursuant to chapter 587, Hawaii Revised Statutes;
- (2) Clarifying the definition of “school of origin” to mean the school the foster child attended when the foster child was removed and placed into foster custody or permanent custody of the Department of Human Services pursuant to chapter 587, Hawaii Revised Statutes;

- (3) Requiring the Department of Education to make school placement decisions for foster children in consultation with the Department of Human Services, a foster child's guardian ad litem, and the family court, as appropriate;
- (4) Clarifying that the foster child shall receive transportation services between the foster home and school; and
- (5) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Education and Human Services and Public Housing that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2005, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2005, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 6. Noes, none. Excused, 5 (Hee, Hooser, Nishihara, Taniguchi, Hemmings).

SCRep. 2017 Education on S.B. No. 2300

The purpose of this measure is to establish a tax credit for teachers for professional development and training expenses.

Testimony in support of this measure was submitted by the Department of Education and the Hawaii State Teachers Association. Testimony in opposition of this measure was submitted by one individual. Comments on the measure were also submitted by the Department of Taxation and the Tax Foundation of Hawaii.

Your Committee finds that Hawaii is experiencing a drastic teacher shortage, wherein the recruitment and retention of qualified teachers is of the utmost importance to the future of our education and our State. Your Committee further finds that the provision of incentives in varying manners will help in the battle to keep and attract qualified educators in the State. This measure provides a tax credit to public school teachers for their professional development and training expenses.

Upon further review of the testimony and information provided, your Committee understands that such professional development and training expenses may currently be deductible as business expenses for a teacher-taxpayer. The receipt of a deduction and a tax credit may be excessive; however, your Committee believes that the tax credit can still assist those teachers who do not itemize their deductions.

Accordingly, your Committee has amended this measure by:

- (1) Prohibiting an individual from claiming the professional development and training expenses as both an itemized tax deduction and a tax credit in any taxable year; and
- (2) Making a technical, nonsubstantive amendment 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 S.B. No. 2300, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2300, S.D. 1, and be referred to the Committee on Economic Development and Taxation.

Signed by the Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, 2 (Hee, Taniguchi).

SCRep. 2018 Education on S.B. No. 2364

The purpose of this measure is to assist nonprofit private schools that serve the general public through the authorization of the issuance of special purpose revenue bonds to assist Island Pacific Academy in the planning and construction of its educational facilities.

Testimony in support of this measure was submitted by the Hawaii Association of Independent Schools and Island Pacific Academy.

Your Committee finds that pursuant to part VIII, chapter 39A, Hawaii Revised Statutes, special purpose revenue bonds may be issued to assist not-for-profit private nonsectarian and sectarian elementary schools, secondary schools, colleges, and universities that serve the general public. This measure will support the educational needs of the State's children by allowing Island Pacific Academy to construct an athletic and performing arts center at the school and eliminate current interest rate risk on the remaining portion of its original bank loan without relying entirely on the monetary contributions of the school's alumni, friends, and other supporters. Your Committee believes that the issuance of special purpose revenue bonds under this measure is in the public interest and for the public's general welfare.

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. 2364 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, 2 (Hee, Taniguchi).

SCRep. 2019 Education on S.B. No. 2685

The purpose of this measure is to require the Department of Education to develop and implement a plan for temperature reduction measures in public school facilities that incorporates energy conservation initiatives and appropriate funds for that purpose.

Testimony in support of this measure was submitted by the Department of Education, the Hawaii State Teachers Association, and Kanu o ka 'Āina Learning 'Ohana.

Your Committee finds that although Hawaii's tropical climate is ideal for outdoor recreational activities, it is not necessarily conducive to learning for public school students. Many of Hawaii's public schools are not equipped with air conditioning or other temperature reduction measures, which can make the classroom environments uncomfortable and even unbearable for students and

teachers alike. Your Committee further finds that it is important to provide public school students with comfortable learning environments. However, your Committee understands that the task of providing air conditioning in all public school facilities within the State may be too daunting and expensive of a proposition at this time. Alternatively, a comprehensive approach to the issue can be developed, including alternative methods for reducing the temperature of classrooms that would also incorporate energy conservation initiatives.

Your Committee believes that creative and innovative methods for establishing suitable classroom environments for students may be utilized, including the use of alternative energy resources, incentives for energy consumption or cost reduction, alternative materials for buildings, and other energy efficient measures. The Department of Education should seek the expertise of knowledgeable individuals or firms in the development of the plan to ensure the most cost-effective and efficient methods are being used. Additionally, the Department of Education should consider incorporating industry standard benchmarks in energy and environmental design, such as the Leadership in Energy and Environmental Design (LEED) Green Building Rating System, the California High Performing Schools criteria, and relevant model legislation in Washington on the issue.

Your Committee believes that this measure should be expanded to include all public school facilities in the State, including charter schools, and has amended this measure to reflect the same.

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. 2685, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2685, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, 2 (Hee, Taniguchi).

SCRep. 2020 Ways and Means on H.B. No. 2688

The purpose of this measure is to appropriate funds to provide for the expenses of the Legislature and its service agencies.

More specifically, this measure provides for the expenses of the Legislature, Office of the Auditor, Hawaii State Ethics Commission, Office of the Ombudsman, Legislative Reference Bureau, and the legislative broadcast program. The appropriation for the Legislative Reference Bureau includes an appropriation of \$300,000 for the Legislative Reference Bureau to contract with the University of Hawaii to conduct a study of the State's environmental review process.

Your Committee intends that the Legislative Reference Bureau contract with the University of Hawaii through the Research Corporation of the University of Hawaii and that the study be led by the University of Hawaii at Manoa Department of Urban and Regional Planning, in partnership with the Environmental Center and the Environmental Law Program at the William S. Richardson School of Law.

Your Committee received testimony in support of this measure from the Office of the Auditor, the Legislative Reference Bureau, the Hawaii State Ethics Commission, and the Ombudsman.

Your Committee finds that this measure appropriates sufficient funds to support the operations of the Legislature and its services 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 H.B. No. 2688, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 10. Noes, none. Excused, 2 (English, Menor).

SCRep. 2021 Human Services and Public Housing on S.B. No. 2054

The purpose of this measure is to amend the family court best interest of the child criteria and procedures to specify what factors the court shall consider in making a custody or visitation determination concerning a minor child.

Testimony in support of this measure was submitted by the Children's Rights Council and four individuals. Testimony in opposition to one of the proposed criteria for determining the best interest of the child was submitted by three individuals. Comments were submitted by two individuals from the Hawaii State Coalition Against Domestic Violence suggesting amendments to the measure.

Your Committee finds that the testimony of certain individuals was well taken concerning one of the additional criteria for the court to consider when making a custody determination, and that each parent's "cooperation in developing and implementing a plan to meet the child's ongoing schedule, needs, and interests" should not be considered when there also has been a determination in the case that family violence has been committed by a parent.

Accordingly, your Committee has amended this measure by:

- (1) Amending the above criteria by providing that each parent's cooperation shall not be considered when there also has been a determination made by the court that family violence has been committed by a parent; and
- (2) 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 Human Services and Public Housing 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 and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Hooser, Hemmings).

SCRep. 2022 Human Services and Public Housing on S.B. No. 2349

The purpose of this measure is to exempt from the general excise tax amounts received for selling assistive devices.

Testimony in support of the measure was submitted by the Disability and Communication Access Board and a private citizen. Testimony in support of the intent of the measure were submitted by the Department of Taxation. Comments on the measure were submitted by a private citizen.

Your Committee finds that the comments submitted by the Department of Taxation and a private citizen will help to clarify the group of items that will be eligible for the general excise exemption.

Accordingly, your Committee has amended this measure by:

- (1) Incorporating the comments of the private citizen to add vocational rehabilitation counselors and rehabilitation service providers to the list of those from whom an individual may purchase items that are exempt from the general excise tax, and by adding a provision that the Department of Taxation shall issue guidelines in the form of written rules regarding the new provisions enacted by this measure;
- (2) Incorporating the comments of the Department of Taxation by amending the definition of “assistive devices” to enable the Director of Taxation to require physician verification on the cost of an assistive device and provide the Director with the flexibility to include other assistive devices within the scope of the definition; and
- (3) 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 Human Services and Public Housing 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 Economic Development and Taxation.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Hooser).

SCRep. 2023 Water and Land on S.B. No. 2198

The purpose of this measure is to encourage the preservation and protection of conservation land in the State. Specifically, this measure creates a land conservation incentive tax credit to encourage the preservation and protection of conservation land in the State.

Testimony in support of the measure was submitted by The Nature Conservancy and The Trust for Public Land.

Testimony in support, but with comments, was submitted by the Department of Land and Natural Resources, the Department of Taxation, and the Department of Agriculture.

The Department of Land and Natural Resources commented that in determining what is a conservation or preservation purpose, consideration should be given to the following:

- (1) The likelihood that development would alienate public rights protected in chapter 205, Hawaii Revised Statutes, including public access to and along the beach;
- (2) The likelihood that development of the property would be a detriment to:
 - (A) The pursuit of recreational opportunities; or
 - (B) The enjoyment of scenic vistas; and
- (3) The likelihood that development of the property would endanger protected wildlife, including native plant species and aquatic animals.

The Department of Agriculture commented in support of the intent of the measure but requested that the following language be added to the measure on page 2, after line 3:

The holder of the interest in agricultural lands protected or preserved pursuant to this section may petition the state land use commission for designation of the affected agricultural lands as important agricultural land, pursuant to section 205-45 and have access to incentives developed and enacted pursuant to Part III of chapter 205 that do not adversely affect the provisions of this section.

Your Committee notes that the Department of Taxation expressed concerns with the form of the measure as written. In particular, the Department of Taxation had concerns about using fair market value as the standard by which a tax credit would be calculated. Instead, the Department of Taxation recommends using the county’s assessed land value as the standard for determining the amount of a tax credit. Your Committee recognizes the validity of this concern, and upon review, finds that these concerns, related specifically to tax issues, would be more appropriately addressed by the Committee on Economic Development and Taxation.

As affirmed by the record of votes of the members of your Committee on Water and Land that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2198 and recommends that it pass Second Reading and be referred to the Committee on Economic Development and Taxation.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Whalen).

SCRep. 2024 (Joint) Education and Human Services and Public Housing on S.B. No. 2162

The purpose of this measure is to require funds deposited into the After-school Plus Program revolving fund to include only funds collected as fees or charges for participation in the program and interest earned on the revolving fund deposits.

This measure also:

- (1) Clarifies that the revolving fund is part of the state treasury; and
- (2) Clarifies that the after-school plus program funds shall be used to support the program.

Testimony in support of this measure was submitted by the Department of Education and HiTech Quest.

Your Committees find that the After-school Plus Program of the Department of Education is supported by the fees and charges and other moneys deposited into the After-school Plus Program revolving fund. The Program provides after-school child care and activities for eligible low-income and latchkey children. Currently, the law provides for the deposit of general funds into the revolving fund; however, such deposits are problematic as they render the fund, essentially, not a true revolving fund. This measure requires that the revolving fund include only funds collected as fees or charges for participation in the program and interest earned on the revolving fund deposits, which will allow the revolving fund to satisfy the criteria for being a true revolving fund.

Accordingly, your Committees have amended this measure by:

- (1) Clarifying that the After-school Plus Program revolving fund shall consist of fees and charges collected by the Department of Education for administering and operating the program; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Education and Human Services and Public Housing that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2162, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2162, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 6. Noes, none. Excused, 5 (Hee, Hooser, Nishihara, Taniguchi, Hemmings).

SCRep. 2025 Transportation and International Affairs on S.B. No. 2913

The purpose of this measure is to exempt common carriers from the general excise and use taxes for fuel sold from a foreign trade zone to common carriers for use in intrastate transportation.

Testimony in support of this measure was received from the Department of Business, Economic Development, and Tourism; The Chamber of Commerce of Hawaii; Aloha Airlines; Hawaiian Airlines; and the Hawaii Chapter of March of Dimes. The Department of Taxation and the Tax Foundation of Hawaii submitted comments.

Your Committee finds that airlines in Hawai'i face serious financial challenges as a result of a highly competitive market and increasing fuel and other costs. This measure would alleviate some of the burden and provide balanced relief for local carriers.

As affirmed by the record of votes of the members of your Committee on Transportation and International Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2913 and recommends that it pass Second Reading and be referred to the Committee on Economic Development and Taxation.

Signed by the Chair on behalf of the Committee. Ayes, 5. Ayes with Reservations, 1 (Trimble). Noes, none. Excused, 2 (Hooser, Tsutsui).

SCRep. 2026 Transportation and International Affairs on S.B. No. 3149

The purpose of this measure is to ensure that sufficient resources are available to maintain a safe and adequate highway system.

Specifically the measure:

- (1) Prohibits the transfer of moneys out of the state highway fund for non-highway purposes;
- (2) Requires the remittance to the state highway fund of general excise tax revenues from the manufacturing, production, wholesaling, and retailing of liquid fuel for other than airplanes or small boats; and
- (3) Deletes the requirement under current law to allocate 0.3 per cent of the highway fuel tax to the special land and development fund established by the Department of Land and Natural Resources.

Testimony in support of this measure was received from Hawaii Transportation Association; Hawaii Highway Users Alliance; CATRALA-Hawaii; Cement and Concrete Products Industry of Hawaii; and Charley's Taxi, Limousine, Vans, Tours & Shuttles. The Department of Land and Natural Resources, Department of Taxation, and the Tax Foundation of Hawaii submitted comments.

Your Committee finds that increasing vehicle traffic in Hawai'i is having a substantial negative impact on the state highway system. Current law allows the transfer of moneys from the state highway fund, once certain conditions have been met, and moneys in the fund that might have gone to highway maintenance and repair have been transferred to the general fund for other uses.

The Department of Taxation testified that the measure will result in a loss to the general fund of \$36,800,000 in fiscal year 2009; \$78,000,000 in fiscal year 2010; and \$79,100,000 in fiscal year 2011.

Your Committee understands the concerns expressed by the Department of Taxation regarding the loss to the general fund, but finds that maintaining a safe and adequate state highway system is critically important for the State's residents and visitors.

Your Committee has also heard a request from the Department of Land and Natural Resources to reinstate the allocation from the state highway fund for management and maintenance of trails and trail access throughout the State. In fiscal year 2007, this transfer was for \$230,328, which provided funds for 3.5 positions, and helped to meet the matching requirements for an additional \$750,000 in

federal funds. Your Committee notes that this allocation was established to help manage and maintain unimproved roads used by hunters and other off-road vehicle users, and therefore is well within the concerns of the state highway fund.

Your Committee has amended this measure by:

- (1) Deleting section 4, which would have deleted the allocation of 0.3 per cent of the highway fuel tax to the special land and development fund; and
- (2) Making technical amendments to correct references to the state highway fund.

As affirmed by the record of votes of the members of your Committee on Transportation and International Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3149, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3149, S.D. 1, and be referred to the Committee on Economic Development and Taxation.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 2 (Hooser, Tsutsui).

SCRep. 2027 Transportation and International Affairs on S.B. No. 2816

The purpose of this measure is to provide priority assignment of mooring space for a new ferry route from Ma'alea Harbor to Lahaina and to provide an exemption from the fuel tax for fuel purchases for the ferry service.

The Department of Taxation and the Tax Foundation of Hawaii submitted comments on this measure.

Your Committee finds that this measure would provide an alternative emergency transportation system should the only highway in West Maui be closed, as well as more convenient travel for residents of Lana'i and West Maui. To succeed, any ferry route to and from Ma'alea Harbor and Lahaina requires priority assignment of mooring space, and the added fuel costs of the route would require an exemption from the fuel tax for the ferry service.

The Department of Taxation testified that the legislation will result in a revenue loss of approximately \$13,500, beginning in fiscal year 2009.

Your Committee has amended this measure by:

- (1) Clarifying the subject matter of section 243-4, Hawaii Revised Statutes, by adding the phrase "rates and exemptions" to the section title; and
- (2) Changing references to place names and making a technical, nonsubstantive amendment.

As affirmed by the record of votes of the members of your Committee on Transportation and International Affairs 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 Economic Development and Taxation.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 2 (Hooser, Tsutsui).

SCRep. 2028 Human Services and Public Housing on S.B. No. 2187

The purpose of this measure is to appropriate funds for the construction of a facility that will provide housing and services for individuals and families impacted by homelessness in the County of Hawaii.

Testimony in support of this measure was submitted by the Hawaii Public Housing Authority, the Mayor of the County of Hawaii, the County of Hawaii Office of Housing and Community Development, the Island of Hawaii Advisory Board of Catholic Charities Hawaii, Catholic Charities Hawaii-Hawaii Island Community Office, Hawaii Family Forum, St. Michael the Archangel Church, and one individual.

Your Committee finds that the lack of homeless services and access to affordable housing is a growing concern in West Hawaii, where housing prices have soared. Your Committee further finds that the Kawaihae Transitional Housing Program, which is the only transitional housing program for homeless families available in West Hawaii, will be closing in 2009 because the Environmental Protection Agency has mandated closure of the site over sanitation concerns (the site was originally designed as a "temporary solution," but has been in operation for over fifteen years). Your Committee also finds that closure of the Kawaihae facility will significantly impact the number of beds available to the homeless on the Island of Hawaii, and the Kaloko housing program could serve as a new, comprehensive solution to address homelessness and affordable housing in West Hawaii.

Accordingly, your Committee has amended this measure by:

- (1) Incorporating the comments made by the Mayor of Hawaii, who asked that, as the Kaloko housing program will service families largely with affordable housing units, reference to service for "individuals" and the provision of "emergency units" be eliminated from section 1 of the measure; and
- (2) 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 Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2187, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2187, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Affordable Housing.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Hooser, Sakamoto).

SCRep. 2029 Human Services and Public Housing on S.B. No. 2049

The purpose of this measure is to provide a tax credit to taxpayer caregivers who care for qualified care recipients.

Testimony in support of this measure was submitted by the Policy Advisory Board for Elder Affairs, the University of Hawaii Public Policy Center, and ILWU Local 142. Testimony supporting the intent of this measure was submitted by the Disability and Communication Access Board. Comments on the measure were submitted by the Department of Taxation (Department), the Executive Office on Aging, the Maui County Council on Aging, and the Tax Foundation of Hawaii.

Your Committee finds that more and more responsibility is falling upon families to care for the elderly and the disabled, and that it is critical that policies, including tax credits, are enacted to ease the burden on caregivers.

Your Committee has amended this measure by:

- (1) Incorporating the comments made by the Department of Taxation to add a clause defining "net income tax" liability, eliminate as unnecessary the subsection that allowed the Department to prepare necessary forms related to the tax credit, add a provision that the Executive Office on Aging provide the Department with its caregiver materials for the Department to send to taxpayers in order to cure any confidentiality concerns, and add an appropriation of \$100,000 to the Department to facilitate the mailing requirement of Executive Office on Aging materials to taxpayers;
- (2) Addressing the comments made by the Executive Office on Aging by clarifying that the Executive Office on Aging shall provide materials on its caregiver services to the Department for dissemination directly to taxpayers who claim the caregiver credit;
- (3) Incorporating the comments made by the Policy Advisory Board for Elder Affairs by adding a provision that the Executive Office on Aging shall prepare a report evaluating the caregiver tax credit program after three years with the assistance of the Department for submittal to the Legislature prior to the convening of the 2011 regular session.
- (4) Addressing the comments made by the Department, the Executive Office on Aging, and Disability and Communication Access Board by amending the definition of "qualified care recipient" to, among other things, include persons with disabilities and special needs and persons who are "eighteen years of age or older", rather than sixty years of age or older; and
- (5) Making a technical, nonsubstantive amendment for the purpose of style.

As affirmed by the record of votes of the members of your Committee on Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2049, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2049, S.D. 1, and be referred to the Committee on Economic Development and Taxation.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Hooser, Sakamoto).

SCRep. 2030 (Joint) Commerce, Consumer Protection and Affordable Housing and Human Services and Public Housing on S.B. No. 2225

The purpose of this measure is to provide measures to assist in alleviating the problems of housing and homelessness in the State.

Specifically, this measure:

- (1) Extends the sunset date for the allocation of the conveyance tax under section 247-7, Hawaii Revised Statutes, into the rental housing trust fund established under section 201H-202, Hawaii Revised Statutes, for five years;
- (2) Authorizes general obligation bonds in the sum of \$25,000,000, the revenues from which are to be paid into the rental housing trust fund for the Hawaii Housing Finance and Development Corporation to use for the planning, development, and construction of affordable housing in cooperation with private and nonprofit developers;
- (3) Authorizes general obligation bonds in the sum of \$30,000,000, the revenues from which are to be paid into the dwelling unit revolving fund for the Hawaii Housing Finance and Development Corporation to use for housing development;
- (4) Appropriates the sum of \$500,000 to the Hawaii Housing Finance and Development Corporation to use to assist developers in contracting for third party review and certification to expedite the processing and issuance of building permits for affordable housing projects;
- (5) Appropriates the sum of \$2,000,000 to the Hawaii Public Housing Authority to conduct repair and maintenance on public housing projects;
- (6) Authorizes general obligation bonds in the sum of \$40,200,000 for the Hawaii Public Housing Authority to conduct capital improvement projects to repair and renovate public housing;
- (7) Appropriates the sum of \$1,500,000 to the Hawaii Public Housing Authority to provide security in public housing projects;
- (8) Appropriates the sum of \$5,300,000 to the Hawaii Public Housing Authority to provide outreach or support services to unsheltered homeless, at-risk homeless, and those residing in homeless facilities; and
- (9) Authorizing general obligation bonds in the sum of \$32,000,000 for the Hawaii Public Housing Authority to fund homeless facilities, emergency shelters, and transitional shelters on the islands of Oahu and Hawaii.

Testimony in support of this measure was submitted by Hawaii Housing Finance and Development Corporation; the Hawaii Public Housing Authority; the Department of Taxation; the Department of Community Services, City and County of Honolulu; the Office of Housing and Community Development, County of Hawaii; the Hawaii Association of Realtors; Partners In Care; Catholic Charities

Hawai'i; the Waikiki Health Center's Care-A-Van Program; the Affordable Housing and Homeless Alliance; the Hawaii Habitat for Humanity Association; the Hawaii Family Forum; and one private citizen. The Tax Foundation of Hawaii submitted comments.

Homelessness and the lack of affordable housing are two crises that continue to be significant and challenging social problems in the State. The most recent estimate of the total number of homeless persons in Hawaii is 6,029 on any given day, which does not reflect the number of people who are considered "hidden homeless" or those who are at-risk of homelessness. Your Committees find that providing additional funds, including extending the allocation of the conveyance tax into the rental housing trust fund, will aid in addressing the homelessness problem in the State.

Your Committees note that this measure and S.B. No. 3174, as amended, are similar in purpose and content, and have amended both measures to separately focus on public housing and affordable housing. Thus, your Committees have amended this measure by:

- (1) Repealing the sunset date for the allocation of the conveyance tax under section 247-7, Hawaii Revised Statutes, into the rental housing trust fund established under section 201H-202, Hawaii Revised Statutes, and making the repeal effective upon the Act's approval; thus, creating a permanent allocation;
- (2) Deleting language that authorizes general obligation bonds in the sum of \$25,000,000 to be paid into the rental housing trust fund and appropriated from the rental housing trust fund for the Hawaii Housing Finance and Development Corporation to use for the planning, development, and construction of affordable housing in cooperation with private and nonprofit developers;
- (3) Deleting language that authorizes general obligation bonds in the sum of \$30,000,000 to be paid into the dwelling unit revolving fund for the Hawaii Housing Finance and Development Corporation to use for housing development;
- (4) Deleting language that appropriates the sum of \$500,000 to the Hawaii Housing Finance and Development Corporation to use to assist developers in contracting for third party review and certification to expedite the processing and issuance of building permits for affordable housing projects; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committees recognize that additional funding is needed for homeless facilities, emergency shelters, and transitional shelters on the islands of Oahu and Hawaii, but indicated concerns regarding which homeless facility projects would receive funds. While your Committees agree that funds should be dedicated to the Kaloko housing project on the island of Hawaii, concern was expressed regarding what comprises the urban areas on the island of Oahu for which funds would be allocated for these types of facilities and projects.

Your Committees believe that appropriating funds to various housing and homeless programs fulfills the intent of this measure, which is to provide measures to assist in alleviating the problems of housing and homelessness in the State.

As affirmed by the records of votes of the members of your Committees on Commerce, Consumer Protection, and Affordable Housing and Human Services and Public Housing that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2225, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2225, S.D. 1, and be referred to the Committee on Economic Development and Taxation.

Signed by the Chairs on behalf of the Committees. Ayes, 8. Noes, none. Excused, 2 (Hooser, Ihara).

SCRep. 2031 Intergovernmental and Military Affairs on S.B. No. 2514

The purpose of this measure is to provide a one-time nonrefundable tax credit that is deductible from the taxpayer's net income tax liability for losses to the taxpayer's real or personal property, in the upcountry Maui area and other affected areas in the sixth senatorial district, caused by flood and wind storm damage in December of 2007.

Your Committee received testimony in support of this measure from the State Department of Defense. Comments were received from the Department of Taxation and Tax Foundation of Hawaii.

On December 4-7, 2007, a low pressure system caused very strong and gusty winds, topping out in the fifty to seventy miles or more per hour range along with heavy flooding and rainfall on Maui. On December 5, 2007, Kula and upcountry Maui experienced severe wind and rain damage. Rains were estimated to be in the six to eight inch range in a three-hour period over Waiohuli watershed including the Polipoli burn scar and forested section above Waianu Road. The storm qualified for a "100-year return period" based on data from the *Rainfall Frequency Atlas of the Hawaiian Islands*. The Kula rain event is considered a one hundred year event by the National Oceanic and Atmospheric Administration rain archival records.

Official rainfall totals for Maui included Kula and Pukalani rain gauge readings of about one to four inches per day during the four day storm period. The highest rain gauge reading of nearly nine inches per day was recorded at Kaupo Gap station. Extensive flooding was also recorded downstream of Kula in the Hapapa watershed in Kihei Town along the ocean. Debris dams caused additional flow diversions, including moving one house one hundred meters off its foundation and undermining numerous other houses.

Testimony on this measure indicated that areas in the State other than Maui were also severely affected. Your Committee believes that all affected are

as of the State should be included in this measure.

Your Committee has amended this measure by:

- (1) Expanding geographic area covered by this measure to the entire State; and
- (2) Clarifying that the Department of Defense, acting as the State's Civil Defense agency, will assist the Department of Taxation in the determination of which areas of the State suffered damage that would be covered by this measure.

As affirmed by the record of votes of the members of your Committee on Intergovernmental and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2514, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2514, S.D. 1, and be referred to the Committee on Economic Development and Taxation.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, none.

SCRep. 2032 (Majority) Energy and Environment on S.B. No. 2932

The purpose of this measure is to increase the state environmental response tax on petroleum in order to increase funding available for energy conservation, alternative energy development, global warming initiatives, and other programs pursuant to section 128D, Hawaii Revised Statutes.

Testimony in support of this measure was received from H2 Technologies, Inc.; the Natural Energy Laboratory of Hawaii Authority; and the Sierra Club, Hawai'i Chapter. The Department of Health and Aloha Petroleum, Ltd., submitted testimony in opposition. The Department of Business, Economic Development, and Tourism; Department of Taxation; and Tax Foundation of Hawaii submitted comments.

Your Committee finds that while the State's energy program is currently fairly stable and resilient, the resources that have sustained the program are coming to an end and new sources of funding must be identified and pursued.

In this regard, while the Hawaii Clean Energy Initiative, a newly created federal partnership with the State of Hawaii, may bring new sources of funding to energy initiatives in the State, the partnership will require state matching funds. Your Committee emphasizes that a comprehensive approach is necessary to the successful implementation of the Hawaii Clean Energy Initiative and to ensure the State's energy security. This measure is one of several important funding options presently under consideration by the Legislature and your Committee believes that it merits further exploration.

Your Committee has amended this measure by changing its effective date to July 1, 2050, for the purpose of furthering discussion.

As affirmed by the record of votes of the members of your Committee on Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2932, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2932, S.D. 1, and be referred to the Committee on Economic Development and Taxation.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, 1 (Trimble). Excused, 1 (Kokubun).

SCRep. 2033 (Majority) Energy and Environment on S.B. No. 3230

The purpose of this measure is to provide additional funding for the State's energy program initiatives by:

- (1) Establishing an energy security special fund and appropriating an unspecified amount therefor; and
- (2) Establishing an energy security tax of 15 cents on each barrel or fractional part of a barrel of petroleum product sold by a distributor to any retail dealer or end user, other than a refiner, of petroleum product.

Testimony in opposition to this measure was received from the Department of Budget and Finance and Aloha Petroleum, Ltd. The Department of Business, Economic Development, and Tourism; the Department of Taxation; and the Tax Foundation of Hawaii submitted comments.

Your Committee finds that while the State's energy program is currently fairly stable and resilient, the resources that have sustained the program are coming to an end and new sources of funding must be identified and pursued.

In this regard, while the Hawaii Clean Energy Initiative, a newly created federal partnership with the State of Hawaii, may bring new sources of funding to energy initiatives in the State, the partnership will require state matching funds. Your Committee emphasizes that a comprehensive approach is necessary to the successful implementation of the Hawaii Clean Energy Initiative and to ensure the State's energy security. This measure is one of several important funding options presently under consideration by the Legislature and your Committee believes that it merits further exploration.

Your Committee has amended this measure by:

- (1) Changing its effective date to July 1, 2050, for the purposes of further discussion;
- (2) Clarifying at which point the expending agency provision is operative for the expenditure of funds from the energy security special fund; and
- (2) Making technical, nonsubstantive amendments to conform to the preferred drafting style.

As affirmed by the record of votes of the members of your Committee on Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3230, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3230, S.D. 1, and be referred to the Committee on Economic Development and Taxation.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, 1 (Trimble). Excused, 1 (Kokubun).

SCRep. 2034 Energy and Environment on S.B. No. 2943

The purpose of this measure is to increase tax incentives for renewable energy by:

- (1) Increasing the income tax credit for solar, wind-powered, and photovoltaic energy systems for commercial property and single- and multi-family residential property; and

- (2) Allowing the tax credit to be claimed for wave energy systems for commercial property.

Testimony in support of this measure was submitted by the Department of Business, Economic Development, and Tourism; Hawaiian Electric Company, Inc.; and Hawaii Solar Energy Association. Comments regarding this measure were submitted by the Department of Taxation and the Tax Foundation of Hawaii.

The Hawaii Solar Energy Association suggested that an increase in the residential solar water heating cap is not justified at this time, as the majority of systems continue to be installed in the \$5,000 to \$6,000 range.

Accordingly, your Committee has amended this measure by:

- (1) Leaving the residential solar water heating cap at \$2,250;
- (2) Indicating that the proposed increases in the tax credit apply to taxable years beginning after December 31, 2007; and
- (3) 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 Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2943, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2943, S.D. 1, and be referred to the Committee on Economic Development and Taxation.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Kokubun).

SCRep. 2035 Energy and Environment on S.B. No. 2986

The purpose of this measure is to make the renewable energy technologies income tax credit a refundable tax credit if certain conditions are met.

Specifically, this measure allows a taxpayer whose sole source of income is derived from pension benefits or with an adjusted gross income of \$20,000 or less to take a refundable tax credit for the purchase and installation of a renewable energy technology system, which includes solar water heating, photovoltaic, and wind systems.

Testimony in support of this measure was submitted by the Department of Taxation; the Department of Business, Economic Development and Tourism; Hawaiian Electric Company, Inc.; Island Pacific Energy, LLC.; and the Hawaii Renewable Energy Alliance. Comments were submitted by the Tax Foundation of Hawaii; and the Hawaii Solar Energy Association.

Your Committee has amended this measure by:

- (1) Indicating that the proposed tax credit shall apply to taxable years beginning after December 31, 2007; and
- (2) Making a technical amendment to accurately reflect existing law.

As affirmed by the record of votes of the members of your Committee on Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2986, as amended herein, and recommends 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 Economic Development and Taxation.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Kokubun).

SCRep. 2036 Energy and Environment on S.B. No. 2764

The purpose of this measure is to encourage the construction and operation of large-capacity ethanol production facilities.

Specifically, this measure repeals the qualifying capacity limits of ethanol production facilities, provides a vehicle to change the total ethanol facility tax credits allowed per year, and repeals the sunset provision with respect to the total nameplate capacity for qualifying ethanol production facilities.

Testimony in support of this measure was submitted by Alexander & Baldwin, Inc. and Hawai'i BioEnergy LLC. Comments were submitted by the Department of Taxation; Department of Business, Economic Development, and Tourism; and the Tax Foundation of Hawaii.

Your Committee finds that in regards to the ethanol facility tax credit, repealing the nameplate capacity qualifying limits would allow flexibility in the size of an ethanol facility and would encourage the construction and operation of small and large-capacity ethanol production facilities.

The Department of Business, Economic Development, and Tourism has suggested to your Committee that completely repealing the cap on credits allowed for each facility or for the maximum aggregate annual credits payable could be problematic.

Accordingly, your Committee has amended this measure by allowing both large and small facilities to receive the same tax credit for their first 15 million gallons of ethanol produced each year of production.

As affirmed by the record of votes of the members of your Committee on Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2764, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2764, S.D. 1, and be referred to the Committee on Economic Development and Taxation.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Ihara, Kokubun).

SCRep. 2037 Energy and Environment on S.B. No. 2744

The purpose of this measure is to provide an income tax credit and general excise tax exemption for the hydrogen fuel industry.

Specifically, this measure authorizes:

- (1) A hydrogen fuel tax credit applicable to all capital, operation, maintenance, or leasing costs, including the costs of constructing, installing, and equipping, related to investments in hydrogen-powered vehicles, hydrogen vehicle fueling stations, and commercial stationary hydrogen fuel cells in the State; and
- (2) A general excise tax exemption on the value or gross income derived from the sale of hydrogen fuel and hydrogen powered vehicles and their materials or parts.

Testimony in support of this measure was submitted by Ballard Power Systems; Plug Power Inc.; H2 Technologies, Inc.; Natural Energy Laboratory of Hawaii Authority; US Fuel Cell Council; National Hydrogen Association; Hawaii Solar Energy Association; and Ida Tech plc. Testimony in opposition to this measure was submitted by the Department of Taxation; and the Hawaii Renewable Energy Alliance. Comments were submitted by the Tax Foundation of Hawaii.

Your Committee finds that hydrogen fuel is an important part of the greater portfolio of renewable energy technologies that can serve as both an energy storage device and a source of power generation. Therefore, this measure provides incentives for the creation of infrastructure to replace polluting technologies such as combustion engines, lead-acid batteries, and diesel generators with ultra-clean, efficient hydrogen fuel.

Accordingly, your Committee has amended this measure by:

- (1) Clarifying that the tax credit only applies to the use of hydrogen fuel produced by a renewable energy source; and
- (2) 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 Energy and Environment 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 Economic Development and Taxation.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Kokubun).

SCRep. 2038 Education on S.B. No. 2164

The purpose of this measure is to establish the Hawaii Charter School Facilities Fund for funding the repair, maintenance, and other facilities needs of charter schools.

This measure also establishes a tax credit for certain individuals who make contributions to charter school repairs, maintenance, or development and appropriates funds for the Hawaii Charter School Facilities Fund.

Testimony in support of the measure was submitted by Kamehameha Schools and Kanu o ka 'Āina Learning 'Ohana. Comments on the measure were also submitted by the Department of Taxation, the Department of the Attorney General, and the Tax Foundation of Hawaii.

Your Committee finds that the Legislature has been committed to growing and supporting charter schools within the State. This commitment has been made clear through Act 298, Session Laws of Hawaii 2006, which adopted proposals from the Task Force on Charter School Governance, established pursuant to Act 87, Session Laws of Hawaii 2005, and Act 115, Session Laws of 2007, which contained efforts to provide for the efficient operations of the charter schools. As charter schools provide an alternative learning experience for students and families, funding for charter school operations, including facilities, must also be accomplished by creative or alternative means. This measure establishes the Hawaii Charter School Facilities Fund to provide funding for repair, maintenance, and other facilities needs. The Hawaii Charter School Facilities Fund is modeled after Hawaii 3R's, which utilizes private financial and human resources to address the department of education repair and maintenance backlog. As Hawaii 3R's has enjoyed great success by saving taxpayers money, helping schools with much needed repair and maintenance projects, and benefiting businesses through tax credits, a similar program to assist charter schools is an intriguing idea.

Upon review of the testimony and other information received, your Committee understands that some concerns have been raised regarding the propriety of this measure, including the responsible entity to report on the charter school repair and maintenance tax credit. Following the model of Hawaii 3R's, your Committee has attempted to address some of these concerns, but also believes that this measure should continue to proceed through the legislative process to allow for further consideration and amendments, as necessary.

Accordingly, your Committee has amended this measure by:

- (1) Requiring the Charter School Review Panel, rather than Kanu o ka 'Āina Learning 'Ohana, to be the responsible entity for maintaining records, verifying information, issuing certificates to appropriate taxpayers, and providing necessary information to the Department of Taxation for the charter school repair and maintenance tax credit; and
- (2) Making technical, nonsubstantive changes for purposes of clarity and to conform to preferred drafting 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 S.B. No. 2164, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2164, S.D. 1, and be referred to the Committee on Economic Development and Taxation.

Signed by the Chair on behalf of the Committee. Ayes, 7. Ayes with Reservations, 1 (Slom). Noes, none. Excused, 1 (Hee).

SCRep. 2039 Education on S.B. No. 2691

The purpose of this measure is to provide teachers receiving satisfactory service performance evaluations with annual step increases for five years.

This measure also prohibits Department of Education teachers with marginal service performance evaluations from receiving annual step increases and excludes teachers at the top salary levels from receiving annual step increases.

Testimony in support of the measure was submitted by the Department of Education and the Hawaii State Teachers Association. The Governor's Policy Office submitted comments.

Your Committee finds that the recruitment and retention of qualified teachers to teach in Hawaii's public schools remains a critical issue in the State. To the extent that the Department of Education can retain quality teachers, various efforts must be made to that end. This measure seeks to provide for automatic salary increases for teachers who exhibit satisfactory performance in an effort to reward and retain such teachers.

Upon testimony provided, your Committee recognizes that compensation is and should continue to remain an issue well within the purview of collective bargaining. However, the provision of annual increases or other incentives outside of collective bargaining should be explored by the interested parties to provide maximum benefits for deserving teachers. Your Committee further finds that the current evaluation system under the Department of Education does not provide for annual evaluations, which compromises a quality teacher's ability to receive incentives for performance and allows poorly performing teachers to continue teaching unchecked. Your Committee finds that consideration of a new approach to teacher evaluation is appropriate.

Accordingly, your Committee has amended this measure by:

- (1) Removing its contents;
- (2) Replacing its contents with provisions that require the Department of Education, in consultation with the Hawaii State Teachers Association, the Hawaii Government Employees Association, and the Hawaii Educational Policy Center, to conduct a study and report to the Legislature on the necessary criteria and components of an annual evaluation process for public school teachers to allow for pay incentives outside of collective bargaining and ensure identification and repercussions for poorly performing teachers; and
- (3) Including an appropriation of \$25,000 for 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 is in accord with the intent and purpose of S.B. No. 2691, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2691, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 7. Noes, none. Excused, 1 (Hee).

SCRep. 2040 Education on S.B. No. 2296

The purpose of this measure is to propose constitutional amendments to authorize the State to issue special purpose revenue bonds to assist nonprofit corporations supporting one or more charter schools, community development financial institutions benefiting one or more public charter schools, and charter schools.

Testimony in support of this measure was submitted by Kanu o ka 'Āina Learning 'Ohana, the Hawaii Association of Independent Schools, Kamehameha Schools, and Connections Public Charter School. Comments on the measure were also submitted by the Office of the Governor.

Your Committee finds that public charter schools play a vital role in Hawaii's public education system. Over the years, the Legislature has been committed to supporting and improving charter schools within the State including, pursuant to Act 298, Session Laws of Hawaii 2006, the adoption of proposals recommended by the Task Force on Charter School Governance that was established by Act 87, Session Laws of Hawaii 2005, and efforts to ensure the provision of efficient operations of charter schools within the State, pursuant to Act 115, Session Laws of Hawaii 2007. The legislature is committed to continuing to support and grow the charter schools and exploring alternatives for sustaining their continued operations.

This measure proposes amendments to the Hawaii State Constitution that would allow the State to issue special purpose revenue bonds to assist charter schools, community development financial institutions benefiting charter schools, and nonprofit corporations supporting charter schools. Testimony received raised concerns regarding the propriety of such constitutional amendments and the use of the proceeds from special purpose revenue bonds for such purposes. While mindful of these concerns, your Committee believes that this measure should continue to move forward through the legislative process; however, it also finds that this issue should continue to be explored and monitored to determine its propriety.

Accordingly, your Committee has amended this measure by:

- (1) Changing its effective date to July 1, 2050; and
- (2) Making technical, nonsubstantive changes 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 S.B. No. 2296, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2296, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 7. Noes, none. Excused, 1 (Hee).

SCRep. 2041 Education on S.B. No. 3127

The purpose of this measure is to increase the sources of revenue available to support the Cancer Research Center of Hawaii and to allow moneys in the Hawaii Cancer Research Special Fund to also be used for capital expenditures.

Testimony in support of the measure was submitted by the University of Hawaii System.

Your Committee finds that, pursuant to Act 316, Session Laws of Hawaii 2006, the Legislature established the Hawaii Cancer Research Special Fund to fund the Cancer Research Center of Hawaii's research and operating expenses through moneys received from an increased tax on cigarettes. Aside from the interest earned or accrued from moneys in the special fund, no other funding source exists to support the Cancer Research Center of Hawaii's operations. Increased funds are also needed to support the Cancer Research Center of Hawaii's capital expenditures. This measure authorizes the use of moneys in the special funds for research and operating expenses, as well as capital expenditures, and provides additional moneys to the special fund through the receipt of fees, charges, or other moneys received in conjunction with Cancer Research Center of Hawaii programs. Your Committee supports the supplementation of funding for the Cancer Research Center of Hawaii and believes that such increase will assist the Center in its challenge to maintain financial self-sufficiency.

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. 3127 and recommends that it pass Second Reading and be referred to the Committee on Economic Development and Taxation.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 3 (Hee, Nishihara, Taniguchi).

SCRep. 2042 Education on S.B. No. 2660

The purpose of this measure is to provide an annual maximum income tax deduction of \$5,000 per individual or \$10,000 for a married couple filing jointly for contributions made to a section 529 college savings program in calendar year 2008 and beyond.

Testimony in support of the measure was submitted by the Department of Taxation and three individuals. Comments on the measure were also submitted by the Department of Budget and Finance.

Your Committee finds that pursuant to Act 81, Session Laws of Hawaii 1999, the Legislature established the Hawaii College Savings Program, pursuant to section 529 of the Internal Revenue Code of 1986, as amended, to encourage and assist families with saving for college tuition and other expenses. Each state's 529 plan or plans offer a variety of tax benefits to participants, which may include tax-free contributions and withdrawals for authorized expenses. While the Hawaii College Savings Program provides for tax-free withdrawals from college accounts, unlike a majority of the states across the nation, it does not provide either an income tax deduction or tax credit for contributions made to these accounts. This measure establishes an income tax deduction for contributions to college accounts under the Hawaii College Savings Program and any other qualifying 529 plan. Your Committee believes that the tax incentive will not only encourage increased participation in the Hawaii program, but also allow individuals to make the most appropriate financial decisions for themselves by benefiting from the tax deduction so long as they participate in any qualifying 529 plan.

Upon review of testimony and information provided, your Committee is mindful that, although one objective is to encourage and increase access to postsecondary education for Hawaii residents, another concern is to grow and support the Hawaii College Savings Program. Your Committee believes that individuals seeking financial advice on college savings strategies should be afforded notice of the Hawaii College Savings Program and its many benefits. Additionally, to ensure that the tax benefits are tailored to assist those most in need of the tax deduction, your Committee believes a cap on the aggregate amount of the tax deductions should also be imposed.

Accordingly, your Committee has amended this measure by:

- (1) Requiring financial institutions in the State to provide individuals who are interested in opening college savings accounts information on the Hawaii College Savings Program and its features and benefits;
- (2) Establishing a \$75,000 cap on the total tax deduction that may be claimed per college savings account;
- (3) Including language to ensure that the amendments made by this measure will not be repealed when Section 235-7, Hawaii Revised Statutes, is reenacted on January 1, 2013; and
- (4) Making technical, nonsubstantive changes for purposes of clarity and to conform to preferred drafting 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 S.B. No. 2660, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2660, S.D. 1, and be referred to the Committee on Economic Development and Taxation.

Signed by the Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, 2 (Hee, Taniguchi).

SCRep. 2043 Commerce, Consumer Protection and Affordable Housing on S.B. No. 2315

The purpose of this measure is to streamline the taxation of insurers by recognizing that, for general excise tax purposes, a reciprocal insurer and its attorney-in-fact is a single entity that is not subject to double taxation under state law.

Specifically, this measure:

- (1) Ensures that a reciprocal insurer and its attorney-in-fact shall be considered as a single entity for general excise tax purposes;
- (2) Clarifies that the general excise tax exemption applies to insurers, and not insurance companies, authorized to do business under chapter 431, Hawaii Revised Statutes; and

- (3) Makes various amendments for purposes of clarity and consistency.

Testimony in support of this measure was submitted by the Department of Commerce and Consumer Affairs, the Hawaii Medical Association, the Medical Insurance Exchange of California, and the Medical Underwriters of California. The Tax Foundation of Hawaii submitted comments.

A reciprocal or reciprocal insurer is recognized under chapter 431, Hawaii Revised Statutes, as an insurance company that provides insurance through unincorporated associations of individuals, partnerships, or corporations called "subscribers," and is directly owned by its policyholders. The reciprocal operates through an attorney-in-fact that is common to all subscribers, and as a result, the reciprocal and the attorney-in-fact are virtually indistinguishable.

Your Committee finds that a misinterpretation in the law exists regarding reciprocal insurers resulting in double taxation of reciprocal insurers and their attorneys-in-fact, who unlike their incorporated stock or mutual insurer counterparts, are not exempt from the general excise tax. The Insurance Division of the Department of Commerce and Consumer Affairs has recognized a reciprocal and its attorney-in-fact as a single entity for regulatory purposes, but since the term "insurance company" is not defined in chapter 237, Hawaii Revised Statutes, relating to general excise taxation, or the Insurance Code under chapter 431, Hawaii Revised Statutes, the law has been interpreted to not apply to a reciprocal and its attorney-in-fact. As a result, the reciprocal and its attorney-in-fact have been singled out and subjected to double taxation, which ultimately affects the premium rates paid by subscribers who are private practice physicians in the State.

The Medical Insurance Exchange of California suggested to your Committee that further amendments to this measure be made to ensure that each attorney-in-fact of a reciprocal will be subject to all taxes imposed upon corporations or others doing business in the State, other than taxes on income or gross proceeds derived from its principal business as attorney-in-fact.

Accordingly, your Committee has amended this measure by:

- (1) Clarifying that one of the purposes of this measure is to ensure that the reciprocal insurer and its attorney-in-fact shall be considered a single entity that qualifies for a general excise tax exemption under section 237-29.7, Hawaii Revised Statutes;
- (2) Adding language to provide an exemption under section 431:7-204, Hawaii Revised Statutes, to ensure that each corporate or other attorney-in-fact of a reciprocal insurer shall be subject to all taxes imposed upon corporations or others doing business in the State, other than taxes on income or gross receipts derived from its principal business as attorney-in-fact;
- (3) Adding a definition for "attorney-in-fact" under section 431:7-204, Hawaii Revised Statutes; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee believes that recognizing a reciprocal insurer and its attorney-in-fact as a single entity fulfills the intent of this measure, which is to streamline the taxation of insurers.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing 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 Economic Development and Taxation.

Signed by the Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, 1 (Ige).

SCRep. 2044 Commerce, Consumer Protection and Affordable Housing on S.B. No. 2501

The purpose of this measure is to continue to provide a revenue stream to the state highway fund by extending the sunset date of the rental motor vehicle surcharge tax at \$3 per day from August 31, 2008 to August 31, 2010.

Testimony in support of this measure was submitted by the Department of Transportation and Catrala-Hawaii.

Under section 251-2, Hawaii Revised Statutes, a rental motor vehicle surcharge tax is levied and collected each month of \$3 per day, or any portion of a day that a rental motor vehicle is rented or leased for the period of September 1, 1999, to August 31, 2008. The rental motor vehicle surcharge tax collected each month is deposited into the state highway fund under section 248-9, Hawaii Revised Statutes, which is used to pay for the costs of operation, maintenance, improvements, and repair of the state highway system. Thousand of visitors and residents rent motor vehicles each month, which generates additional funds for the Department of Transportation to operate and maintain the state highway system. Your Committee finds that while extending the sunset date of August 31, 2008 to August 31, 2010 will provide additional revenues to the state highway fund for two more years, it believes that repealing the sunset date and making the \$3 per day surcharge tax permanent will allow these additional revenues to continue on a permanent basis.

Accordingly, your Committee has amended this measure by:

- (1) Repealing the sunset date of August 31, 2008;
- (2) Repealing the rental motor vehicle surcharge tax of \$2 per day to ensure that the surcharge tax remains at \$3 per day; and
- (3) Making technical, nonsubstantive amendments for the purposes of style.

Your Committee notes the concerns from rental car companies in the State regarding the rental motor vehicle surcharge tax of \$3 per day as being a discriminatory tax against visitors to the State. However, your Committee recognizes that there are many residents who rent motor vehicles on a regular-basis when traveling and attending to business on the neighbor islands, or who are in need of an extra car. Thus, the surcharge tax is levied on every individual renting a motor vehicle, regardless of whether the individual is a visitor or resident.

Your Committee further notes that a study done in 2004 indicated that the national average of rental motor vehicle surcharge taxes is \$6 per day, and recognizes that this average may have risen since 2004. The Department of Transportation indicated to your Committee that while Hawaii's surcharge tax rate is comparatively lower than the national average, there are several factors that affect the rental motor vehicle surcharge tax rate among states. However, the Department would be amenable to a higher surcharge tax rate as this would increase the amount of moneys in the state highway fund. Your Committee believes that the appropriate rental motor vehicle surcharge tax rate merits further discussion by the Committee on Economic Development and Taxation and the Committee on Ways and Means.

Your Committee believes that establishing the rental motor vehicle surcharge tax rate at \$3 per day on a permanent-basis fulfills the intent of this measure, which is to continue to provide additional revenues to the state highway fund.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable 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 Economic Development and Taxation.

Signed by the Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, 1 (Ige).

SCRep. 2045 Commerce, Consumer Protection and Affordable Housing on S.B. No. 2722

The purpose of this measure is to protect the public and property by providing an incentive to install fire protection devices in residential homes.

Specifically, this measure provides an income tax deduction for the installation of an automatic fire sprinkler system in a single-family residence or a residential or mixed-use condominium or cooperative housing corporation.

Testimony in support of this measure was submitted by the State Fire Council, Department of Labor and Industrial Relations; the Honolulu Fire Department; the Downtown Neighborhood Board No. 13; and the Hawaii Council of Association of Apartment Owners. The Department of Taxation and the Tax Foundation submitted comments.

Your Committee finds that automatic fire sprinklers are proven fire protection devices that save lives, prevent injuries, reduce property losses, prevent fires from escalating, and do not rely on human factors to be effective. Providing an income tax deduction for the qualifying costs of installing an automatic fire sprinkler system will encourage owners of residential units to install these fire protection devices. However, your Committee notes that this incentive should be made available to all residential unit owners, and recognizes that the installation of automatic sprinkler systems in condominiums and cooperative housing corporations cannot be done in piecemeal to accommodate only certain units rather than the entire building or project.

Accordingly, your Committee has amended this measure by:

- (1) Adding language to include owners of residential units who are not considered owner-occupants;
- (2) Adding language that requires the agreement and consent of all owner-occupants or owners other than owner-occupants in a condominium or cooperative housing project prior to the installation of the automatic fire sprinkler system; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

Your Committee discussed whether the tax incentive should be an income tax deduction or income tax credit, and believes that this dialogue should be continued by the Committee on Economic Development and Taxation and the Committee on Ways and Means, where types of tax incentives are more appropriately addressed.

Your Committee believes that providing an income tax deduction for the qualifying costs of the installation of an automatic sprinkler system in a single-family residence or in a residential or mixed-use condominium or cooperative housing project fulfills the intent of this measure by providing fire protective measures for the public and property.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2722, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2722, S.D. 1, and be referred to the Committee on Economic Development and Taxation.

Signed by the Chair on behalf of the Committee. Ayes, 6. Ayes with Reservations, 1 (Trimble). Noes, none. Excused, 1 (Ige).

SCRep. 2046 Commerce, Consumer Protection and Affordable Housing on S.B. No. 3013

The purpose of this measure is to reduce the potential loss from hurricane or other wind damage by providing an incentive to taxpayers to retrofit their property with wind resistive devices.

Specifically, this measure provides the following:

- (1) Establishes a wind resistive devices tax credit of thirty-five per cent of the costs incurred for the purchase and installation of wind resistive devices in a non-condominium residential dwelling owned by the taxpayer and located in the State;
- (2) Repeals chapter 431, article 22, Hawaii Revised Statutes, relating to the loss mitigation grant program;
- (3) Appropriates funds out of the loss mitigation grant fund to enable the loss mitigation grant program to continue until the wind resistive devices tax credit becomes available; and
- (4) Requires that any unencumbered funds in the loss mitigation grant fund be transferred to the hurricane reserve trust fund under section 431P-16, Hawaii Revised Statutes.

Testimony in support of this measure was submitted by the Department of Commerce and Consumer Affairs and the Department of Taxation. Testimony in opposition to this measure was submitted by the Hawaii Lumber Products Association. The Tax Foundation of Hawaii submitted comments.

Your Committee finds that providing incentives to homeowners to purchase and install devices that will prevent property loss during events, such as natural disasters, should be encouraged. Establishing a wind resistive devices tax credit will encourage and provide an incentive to homeowners to retrofit their property with these devices and reduce their potential loss from hurricane or other wind damage.

The Department of Commerce and Consumer Affairs indicated to your Committee that the loss mitigation grant program under chapter 431, article 22, Hawaii Revised Statutes, which awards grant moneys to homeowners for the purchase and installation of wind resistive devices is seldom used. The Department further indicated that the public is more familiar with the tax credit concept and would prefer claiming a tax credit rather than participate in a grant approval process. Thus, the Department supports repealing the loss mitigation grant program and replacing it with a tax credit incentive. Although your Committee recognizes the public's familiarity with tax credits, it believes that incentives for the purchase and installation of wind resistive devices should be provided in addition to loss mitigation grants to broaden the loss mitigation concept among Hawaii homeowners. Furthermore, your Committee believes that the lack of public education of the loss mitigation grant program may be a cause of the seldom use of the grant program. Therefore, your Committee recommends that the Civil Defense Division of the Department of Defense offer and conduct educational forums for the public to learn about available loss mitigation methods and programs to protect their homes.

Accordingly, your Committee has amended this measure by:

- (1) Deleting section 2 of the measure that repeals chapter 431, article 22, Hawaii Revised Statutes, relating to the loss mitigation grant program;
- (2) Deleting section 4 of the measure that requires any unencumbered funds in the loss mitigation grant fund to be transferred to the hurricane reserve trust fund under section 431P-16, Hawaii Revised Statutes; and
- (3) Making technical, nonsubstantive amendments for the purposes of proper formatting and consistency.

Your Committee believes that establishing a wind resistive devices tax credit in addition to the loss mitigation grant program fulfills the intent of this measure, which is to reduce the potential loss from hurricane or other wind damage by providing an incentive to taxpayers to retrofit their property with wind resistive devices.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3013, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3013, S.D. 1, and be referred to the Committee on Economic Development and Taxation.

Signed by the Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, 1 (Ige).

SCRep. 2047 Education on S.B. No. 3251

The purpose of this measure is to institute tax reform to fund state education costs.

Specifically, this measure:

- (1) Increases the general excise tax;
- (2) Exempts groceries, over-the-counter nonprescription medications, education, and child care costs from the general excise tax;
- (3) Establishes a state earned income tax credit and a volunteer tax credit for individual taxpayers providing volunteer services in public schools;
- (4) Increases the standard deduction for the filing status of individual taxpayers;
- (5) Establishes the Education Special Fund for moneys received from general excise tax revenues; and
- (6) Establishes the Education Funding Commission to establish allocation amounts for funds deposited into the Education Special Fund.

Testimony in support of the measure was submitted by the Hawaii Association of Independent Schools and the University of Hawaii System. Testimony in opposition of the measure was submitted by the Department of Budget and Finance, the Department of Taxation, and The Chamber of Commerce of Hawaii. Comments on the measure were also submitted by the Department of Education, the Department of the Attorney General, the Hawaii Educational Policy Center, and the Hawaii State Teachers Association.

Your Committee finds that public schools in Hawaii are in dire need of funding not only to provide adequate facilities and learning materials to meet current mandates for schools, but to also strive to achieve a comprehensive public education system that provides state-of-the-art facilities, qualified teachers and administrators, and cutting-edge learning experiences for children in preschool through postsecondary education. Although the task often seems insurmountable, it is critical to address the current and future funding needs of the public school system to provide for the future of our State. This measure contemplates tax reform, through various tax increases and relief, to fund public education in Hawaii. Although it is clear that everyone supports public education in the State and ensuring the adequate funding therefor, there are concerns regarding what are the most appropriate means for achieving this goal.

Upon review of the testimony provided, your Committee understands that comprehensive tax reform of the nature prescribed in this measure may not be appropriate at this time. However, your Committee believes that tax reform may provide a feasible and viable solution to properly fund public education in Hawaii. As a result, the convening of a task force to examine methods for determining the current funding inadequacies and methods establishing a workable plan to address such inadequacies is necessary.

Accordingly, your Committee has amended this measure by:

- (1) Deleting its contents, except the section that establishes the tax credit for volunteer services for the public schools or the University of Hawaii, which has been amended by:
 - (A) Clarifying that the tax credit is nonrefundable;
 - (B) Requiring the tax credit to be claimed on or before the end of the twelfth month following the close of the taxable year in which the credit may be claimed;
 - (C) Including a definition for "volunteer services";
 - (D) Clarifying that any individual taxpayer may claim the tax credit; and
 - (E) Authorizing the Department of Taxation to prepare any necessary forms for claiming the tax credit;
- (2) Replacing its contents with provisions that establish a task force to study the adequacy of funding for education in the State and to develop estimates and methods for meeting current and future funding needs;
- (3) Requiring the task force to submit annual reports over the next three years on specified areas; and
- (4) Appropriating funds for the operations of the task force.

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. 3251, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3251, S.D. 1, and be referred to the Committee on Economic Development and Taxation.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 3 (Hee, Nishihara, Taniguchi).

SCRep. 2048 Education on S.B. No. 2035

The purpose of this measure is to assist nonprofit private schools that serve the general public through the authorization of the issuance of special purpose revenue bonds to assist Maui Preparatory Academy in the planning and construction of its educational facilities.

Testimony in support of this measure was submitted by the Hawaii Association of Independent Schools and Maui Preparatory Academy.

Your Committee finds that pursuant to part VIII, chapter 39A, Hawaii Revised Statutes, special purpose revenue bonds may be issued to assist not-for-profit private nonsectarian and sectarian elementary schools, secondary schools, colleges, and universities that serve the general public. This measure will support the educational needs of the State's children by allowing Maui Preparatory Academy to improve the lower, middle, and upper school facilities to allow for expansion to a full pre-kindergarten to twelfth grade school without relying entirely on the monetary contributions of the school's alumni, friends, and other supporters. Your Committee believes that the issuance of special purpose revenue bonds under this measure is in the public interest and for the public's general welfare.

Your Committee has amended this measure 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 Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2035, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2035, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, 2 (Hee, Taniguchi).

SCRep. 2049 Education on S.B. No. 2649

The purpose of this measure is to authorize the issuance of general obligation bonds and appropriate funds for the planning, design, and construction of a new building for the University of Hawaii at Manoa College of Education.

Testimony in support of this measure was submitted by the Hawaii Association of Independent Schools, the Hawaii State Teachers Association, the Center on Disability Studies, and nineteen individuals. Comments on the measure were also submitted by one individual.

Your Committee finds that the University of Hawaii is the State's only public system of higher education, from which much of Hawaii's workforce is educated and trained. The State must ensure that adequate facilities and programs are provided to allow the university to offer high-quality education in a positive environment that is appealing to educators and students throughout the State, the country, and the world.

Currently, the College of Education at the Manoa campus is in dire need of funding for the design and construction of a new building following a devastating fire on June 13, 2006, and the disrepair of surrounding substitute buildings. By all accounts, the condition of the facilities for the College of Education are woefully inadequate, potentially unsafe, termite-ridden, insect- and rat-infested, and generally unappealing. This measure provides the necessary funding for the construction of a new building for the College of Education at the University of Hawaii at Manoa. Your Committee believes that funding this project will not only provide for a safe, appropriate facility for the College of Education, but will also assist the university in recruiting qualified faculty and students for participation in 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. 2649 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, 2 (Hee, Taniguchi).

SCRep. 2050 Economic Development and Taxation on S.B. No. 2088

The purpose of this measure is to add businesses engaged in commercial aviation training for pilots, dispatchers, mechanics, or air traffic controllers to the definition of “qualified business” under the state enterprise zone law.

Testimony in support of this measure was received from the Department of Business, Economic Development, and Tourism; Honolulu Community College, and one individual. The Department of the Attorney General and the Department of Taxation submitted comments.

Your Committee finds that currently, Honolulu Community College offers both flight training and aviation mechanics training programs. While both programs have proven successful, partnering with the aviation industry would boost opportunities for expansion, both locally and internationally. This measure would provide an incentive for the private sector to make the needed investments in expensive flight training materials and equipment.

The Department of Taxation estimated revenue losses as a result of this measure to be \$400,000 for fiscal year 2009; \$1,200,000 for fiscal year 2010; \$400,000 for fiscal year 2011; and \$275,000 per year thereafter. The Department estimates that the construction of facilities for the aviation training would cost \$50,000,000 over three years, with \$10,000,000 incurred in the first and third years and \$30,000,000 incurred in the second year. In the fourth year and thereafter, the facility is assumed to generate \$5,000,000 in gross receipts and to increase the enterprise zone tax credit by five per cent. The general excise tax is foregone at the rate of four per cent on the construction costs and on the gross receipts from the training facility. The Department also noted that it is difficult to predict the extent of construction and gross receipts that will be generated in the enterprise zones as a result of the measure.

Your Committee also notes concerns that were raised regarding the very specific subject of the title of the measure, and the proposed amendment to section 209E-2, Hawaii Revised Statutes, which is much broader and does not accurately reflect the measure’s title.

Your Committee has amended this measure to address the title-subject concern by replacing the reference to “commercial aviation” with “advanced flight simulator” in the proposed amendments to section 209E-2, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2088, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2088, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (English).

SCRep. 2051 Economic Development and Taxation on S.B. No. 2394

The purpose of this measure is to clarify the awards procedures for federal small business innovation research grants (SBIR) or federal small business technology transfer program grants (STTR).

Testimony in support of this measure was received from the Department of Business, Economic Development, and Tourism and the High Technology Development Corporation (HTDC).

Your Committee finds that this measure will further strengthen the successful SBIR/STTR program in Hawaii by providing additional flexibility to HTDC in its awards procedures. In particular it will benefit small businesses with exceptional SBIR/STTR projects by authorizing larger state grants to accelerate commercialization, and first time recipients by placing a priority on first awards over multiple award grantees.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2394 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (English).

SCRep. 2052 Economic Development and Taxation on S.B. No. 2393

The purpose of this measure is to amend Act 2, First Special Session Laws of Hawaii 2007 (Act 2), to appropriate funds for the Hawaii Broadband Task Force for fiscal year 2008-2009.

Testimony in support of this measure was received from the Department of Commerce and Consumer Affairs, the High Technology Development Corporation, and a member of the Hawaii Broadband Task Force (Task Force).

Your Committee finds that the Task Force has submitted an interim report to the Legislature, as required by Act 2, which outlines the vision for broadband in Hawaii and the work of the Task Force since it began meeting in October 2007. The Task Force reports that broadband offers immense opportunities for social, economic, and education advancement in Hawaii – opportunities that may soon exceed current broadband capabilities.

Your Committee has heard that in the coming year, the Task Force plans to hold a series of informational briefings to demonstrate broadband applications, and will collect the quantitative data on the availability of current services that will be necessary to develop sound policy recommendations. Funding required to support these activities and complete the final report due to the 2009 Legislature is estimated as follows:

- (1) \$115,000 for GIS-based mapping of broadband availability throughout Hawaii;
- (2) \$115,000 for data collection on broadband uptake patterns, including who is not using broadband and why; and
- (3) \$70,000 for professional services to assist with preparation of final recommendations, including any necessary legal assistance.

Your Committee has amended this measure accordingly by:

- (1) Restoring the \$50,000 appropriation for fiscal year 2007-2008 that was authorized by Act 2 and appropriating \$300,000 for fiscal year 2008-2009; and
- (2) Making a technical amendment to add the pre-existing standard appropriation language to correct a drafting omission.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2393, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2393, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (English).

SCRep. 2053 Human Services and Public Housing on S.B. No. 2141

The purpose of this measure is to prohibit the consumption of liquor on public sidewalks and common areas within a public housing project.

Testimony in support of this measure was submitted by the Hawaii Public Housing Authority.

Your Committee acknowledges that the Hawaii Public Housing Authority has policies in place prohibiting the public consumption of alcohol in common areas of public housing projects. This measure serves to reinforce these existing policies.

As affirmed by the record of votes of the members of your Committee on Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2141 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Hooser, Sakamoto).

SCRep. 2054 Human Services and Public Housing on S.B. No. 2428

The purpose of this measure is to appropriate funds to the Hawaii Public Housing Authority to acquire land to provide alternative shelter for the homeless.

Testimony in support of this measure was received from the Hawaii Public Housing Authority

Your Committee finds that although some progress has been made in accommodating the needs of homeless persons on the Leeward Coast of Oahu, the needs of other homeless persons throughout the State have not been met. On any given day there are approximately 11,514 homeless persons in Hawaii, with only 8,395 of them in homeless shelters. The vast majority of those unsheltered homeless persons are located on Oahu. This measure will help to alleviate this dire situation.

As affirmed by the record of votes of the members of your Committee on Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2428 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Hooser, Sakamoto).

SCRep. 2055 Transportation and International Affairs on S.B. No. 2800

The purpose of this measure is to extend the Department of Transportation's jurisdiction and administrative authority over Honolulu Harbor Piers 1 and 2 to include lots 1, 2, 4, and 5 of the Forrest Avenue subdivision.

Testimony in support of this measure was received from The Chamber of Commerce of Hawaii. The University of Hawai'i, the UH Cancer Research Center of Hawai'i, and the Office of Hawaiian Affairs submitted testimony in opposition to specific lots. The Department of Transportation, Hawaii Harbors Users Group, and a member of the Hawaii Community Development Authority (HCDA) submitted comments.

Your Committee has heard considerable testimony regarding the existing and planned uses of these lots. Specifically:

- (1) Lot 1. Warehouse. Approximately half of the warehouse on the lot is currently occupied on a month-to-month arrangement by the Hawaii Public Housing Authority's Next Step Program. In addition, the HCDA is in discussion with the Office of Hawaiian Affairs on their announced plans to develop a headquarters building on the site, with a possible start date in 2008.
- (2) Lot 2. John A. Burns School of Medicine (JABSOM). JABSOM currently operates a parking lot on Lot 2, and this arrangement runs to July 2009. JABSOM and HCDA are engaged in discussions for a long term lease or fee simple conveyance to support the development of the Cancer Research Center of Hawai'i's new facility, with a possible start date in 2008.
- (3) Lot 4. Undeveloped. Currently under a short-term agreement as a staging area for the Grace Pacific project underway in the area. The lot is cleared, unpaved and subject to an easement in favor of the City and County of Honolulu wastewater force main. This lot lies outside of the Honolulu Harbor security zone.
- (4) Lot 5. City and County of Honolulu Sewage Pump Station. The facility is expected to operate for some time, as supported by the long-term lease agreement currently in place between the HCDA and City and County of Honolulu. In addition, there may be some ambiguity in the boundaries of Lot 5 and the adjacent lot containing the historic pump station facility.

Your Committee finds that considerably more discussion is necessary, given the current and projected uses for these lots. In particular, 2008 is a pivotal year for some of these projects, and there may be additional options to consider in 2009. Your Committee also agrees with the concerns raised by the University of Hawai'i regarding the importance of keeping the proposed location of the Cancer Research Center of Hawai'i in close proximity to JABSOM.

Your Committee has amended this measure accordingly, by deleting all references to lot 2.

As affirmed by the record of votes of the members of your Committee on Transportation and International Affairs 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 Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 2 (Hooser, Tsutsui).

SCRep. 2056 Human Services and Public Housing on S.B. No. 2981

The purpose of this measure is to reduce the period over which state low-income housing tax credits are taken from ten years to five years.

Testimony in support of this measure was received from the Governor's Office, Department of Taxation, Hawaii Housing Finance and Development Corporation, Hawaii Island Community Development Corporation, Catholic Charities Hawai'i, Pacific Housing Assistance Corporation, and Hawaii Association of REALTORS.

Your Committee finds that affordable housing is a critical issue in Hawaii, and sufficient incentives must be available in order to leverage public-private partnerships to construct additional housing. This measure provides one such incentive, making the low-income housing tax credit more attractive to investors who may be considering affordable housing projects in Hawaii.

Your Committee has amended this measure to:

- (1) Clarify an internal reference in section 235-110.8, Hawaii Revised Statutes;
- (2) Add language that, for the purposes of subsection (h), the state housing credit shall be one hundred per cent of the applicable percentage of the qualified basis of each building located in Hawaii; provided that the applicable percentage shall be calculated as provided in section 42(b) of the Internal Revenue Code; and
- (3) Make technical amendments to conform to the preferred drafting style.

As affirmed by the record of votes of the members of your Committee on Human Services and Public Housing 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 referred to the Committee on Economic Development and Taxation.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Hooser).

SCRep. 2057 Human Services and Public Housing on S.B. No. 3091

The purpose of this measure is to establish a lifelong learning accounts program in Hawaii to encourage employer and employee investment in upgrading skills of the incumbent workforce.

Testimony in support of this measure was submitted by the Governor's Policy Office, Department of Taxation, Department of Business, Economic Development and Tourism, and The Chamber of Commerce of Hawaii.

Your Committee finds that it is increasingly critical for Hawaii's workforce to be prepared for the high-skill demands of a twenty-first century economy. An unprepared, under-staffed workforce is a serious threat to the State's continued competitiveness and economic development.

Research by the Workforce Development Council and other agencies, show that while a highly trained, entry level workforce is very important, the overall skill level of the entry level workforce improves only gradually over time. The number of retiring baby boom workers is expected to exceed the number of new workers entering the workforce over the next several decades.

If Hawaii is to maintain a growing economy, it must make up for the impending shortage of workers with a more skilled and productive workforce. In this regard, an estimated seventy-five per cent of the workers who will serve the economy over the next ten years are already on the job. Accordingly, it is critical to ensure the continuous, lifelong, upgrading of skills of workers already in the workforce as well as better training among new entrants.

In Hawaii's predominantly small-business economy, it is difficult for firms to establish and maintain a program to upgrade training for their workers, or for those workers to engage in lifelong learning. As a result, only a very small proportion of the workforce is seriously engaged in skill upgrading. It is critical that Hawaii optimize its limited, existing workforce by assisting in the upgrading of skills and instilling the concept that learning does not stop with a traditional, formal education. An important step in achieving this goal is to establish a funding mechanism to encourage and help leverage private sector spending for incumbent worker training. One mechanism that has been instituted in a number of states is lifelong learning accounts.

Lifelong learning accounts are employer-matched educational savings accounts used to finance workers' education and training. The concept allows an individual worker to contribute money to a lifelong learning account and have that contribution matched by the worker's employer, similar to a 401(k), but for the purpose of education and training. Lifelong learning accounts encourage a partnership between workers and employers to effectively leverage resources and increase access to education and training. The accounts are grounded in the idea that individual responsibility, choice, and empowerment are key building blocks for self-reliance.

Your Committee has amended this measure 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 Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3091, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3091, S.D. 1, and be referred to the Committee on Economic Development and Taxation.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Hooser).

SCRep. 2058 Human Services and Public Housing on S.B. No. 3111

The purpose of this measure is to provide financial relief to families that provide care for children and dependents in Hawaii by providing an additional personal income tax exemption for any dependent age eighteen or younger for qualified families and by increasing the tax relief provided by the child and dependent care income tax credit.

Testimony in support of this measure was submitted by the Governor's Policy Office and the Department of Taxation.

Your Committee finds that taxpayers with children in Hawaii face a daunting challenge due to Hawaii's high cost of living. Children require items necessary to ensure their safety and growth, both physically and mentally. Parents are faced with providing these necessities for their children. Providing an additional exemption per child would help Hawaii's struggling families to cope with these expenses.

Your Committee further finds that Hawaii's high cost of living has forced a growing number of families and dependent providers to enter the workforce in order to make ends meet. The cost of childcare and elder-dependent care has skyrocketed because of the high demand for such services in Hawaii.

Finally, your Committee finds that in many cases families must either work and pay for care services, or care for dependents themselves rather than working. Many of these families are on the verge of succumbing to poverty.

Your Committee recommends that future Committees hearing this measure consider targeting the beneficial tax relief of the ohana income tax exemption towards families living under or near the living wage level.

Your Committee has amended this bill 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 Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3111, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3111, S.D. 1, and be referred to the Committee on Economic Development and Taxation.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Hooser).

SCRep. 2059 Energy and Environment on S.B. No. 2455

The purpose of this measure is to expand the renewable energy technologies tax credit to include hydrogen energy systems.

Specifically, the measure provides an income tax credit in the amount of:

- (1) Thirty-five per cent of the actual cost or \$5,000 per unit for single-family residential properties;
- (2) Thirty-five per cent of the actual cost or \$10,000 per unit, whichever is less; and
- (3) Thirty-five per cent of the actual cost or \$15,000 per unit for commercial properties, whichever is less, when a hydrogen energy system is installed and placed into service in such properties located in the State.

Testimony in support of this measure was submitted by the Natural Energy Laboratory of Hawaii Authority and H2 Technologies, Inc. Testimony in opposition to this measure was submitted by the Hawaii Renewable Energy Alliance. Comments were submitted by the Department of Taxation, Department of Business, Economic Development, and Tourism; and the Tax Foundation of Hawaii.

Your Committee finds that a definition of "hydrogen energy system" is needed in order for the Department of Taxation to effectively implement and administer this tax credit.

Accordingly, your Committee has amended this measure by adding a definition for "hydrogen energy system".

As affirmed by the record of votes of the members of your Committee on Energy 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 Economic Development and Taxation.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Kokubun).

SCRep. 2060 Energy and Environment on S.B. No. 2623

The purpose of this measure is to broaden the application of the State's renewable energy technologies income tax credit to include solar electric energy systems and solar thermal energy systems as qualifying for the tax credit.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism; Hawaii Energy Policy Forum; and Sopogy, Inc. Comments were received from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that this measure serves to reduce Hawaii's dependence on fossil fuels. The intent of this measure is to promote energy conservation and alternative energy production by expanding the type of solar energy systems that qualify for the tax credit.

As affirmed by the record of votes of the members of your Committee on Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2623 and recommends that it pass Second Reading and be referred to the Committee on Economic Development and Taxation.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Kokubun).

SCRep. 2061 (Joint) Energy and Environment and Agriculture and Hawaiian Affairs on S.B. No. 3215

The purpose of this measure is to provide various market stimulation incentives for the development of biodiesel.

Specifically, this measure makes:

- (1) State agricultural lands, with soil classified by the Land Study Bureau's detailed land classification as having a productivity rating of class A or B, available for biodiesel fuel crops at nominal rent;
- (2) Establishes a state biodiesel feedstock crop and biodiesel fuel purchasing program; and
- (3) Creates tax exemptions for biomass crushing facilities and lands used for biodiesel feedstock crops.

Testimony in support of this measure was submitted by the Department of Land and Natural Resources; Hawaiian Electric Company, Inc.; the Sierra Club, Oahu Group, Imperium Renewables Hawaii LLC; and Enterprise Honolulu. Comments were submitted by the Department of Taxation; Department of Agriculture; and the Tax Foundation of Hawaii.

Your Committees find that this measure will stimulate the development of locally produced biofuels. Your Committees further find that the use of biofuels can reduce the State's dependence on imported oil and increase the amount of renewable energy from sustainable resources.

The Department of Land and Natural Resources has suggested to your Committees that:

- (1) Due to the Department's public trust obligation to maximize returns on the disposition of public land, leases are usually subject to fair market value, as nominal rent is reserved for nonprofit organizations and special circumstances that warrant favorable treatment pursuant to the State's public trust responsibilities; and
- (2) Most A or B rated agricultural lands are the best overall agricultural lands and most state lands with that designation are already encumbered by long term leases or permits, while other state lands remain fallow and unencumbered.

Accordingly, your Committees have amended this measure by:

- (1) Omitting the requirement that that Board of Land and Natural Resources lease the public agricultural lands at nominal consideration;
- (2) Omitting the restriction mandating that the state agricultural lands made available for biodiesel fuel crops be soil classified by the Land Study Bureau's detailed land classification as productivity rating class A or B, making all public agricultural lands available for biodiesel fuel crops;
- (3) Adding language to ensure that the amendments made by this measure to §235-7(a), Hawaii Revised Statutes, are retained when that section is repealed and reenacted on January 1, 2013, pursuant to Act 166, Session Laws of Hawaii 2007; and
- (4) Making technical, nonsubstantive revisions for the purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Energy and Environment and Agriculture and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3215, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3215, S.D. 1, and be referred to the Committee on Economic Development and Taxation.

Signed by the Chairs on behalf of the Committees. Ayes, 7. Ayes with Reservations, 1 (Slom). Noes, none. Excused, 3 (English, Hee, Ihara).

SCRep. 2062 (Joint) Energy and Environment and Commerce, Consumer Protection and Affordable Housing on S.B. No. 2766

The purpose of this measure is to allow an income tax credit for the owner of a retail station for the actual cost of installation of E-85 fueling facilities.

Your Committees received testimony in support of this measure from the Department of Business, Economic Development, and Tourism; Hawai'i BioEnergy; and Aloha Petroleum, Ltd. Testimony in opposition was received from the Department of Taxation. Comments were received from the Tax Foundation of Hawaii.

Your Committees find that the current obstacle to the establishment of E-85 fueling stations in Hawaii is most likely the required certification of the dispensing equipment by Underwriters Laboratory. Testimony indicated that the Honolulu Fire Department denied a local fuel company's application for installation because the equipment had not yet been approved by Underwriters Laboratory. The difficulty in obtaining certification of equipment may discourage dealers from installing equipment. The provision of a tax credit may motivate the effort.

Your Committees note the concerns of the Department of Taxation that the language of the measure is "underdeveloped and requires additional common requirements associated with other tax credits," which the Department is willing to provide language for, upon request. Your Committees request the Department to provide such language for the next committee's consideration.

In addition, your Committees note the concern of the Department of Business, Economic Development, and Tourism that the measure should include a recapture provision if an E-85 fueling facility is used for its intended purpose. Your Committees believe that this particular issue is more appropriately addressed by your Committees in Economic Development and Taxation and recommend that it be brought to the Committees' attention as this measure progresses through the legislative process.

Your Committees have amended this measure by changing the effective date to July 1, 2050, in the interest of facilitating continued discussion.

As affirmed by the records of votes of the members of your Committees on Energy and Environment and Commerce, Consumer Protection, and Affordable Housing that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2766, as amended herein, and recommend 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 Economic Development and Taxation.

Signed by the Chairs on behalf of the Committees. Ayes, 6. Noes, none. Excused, 3 (Ige, Ihara, Taniguchi).

SCRep. 2063 Health on S.B. No. 2417

The purpose of this measure is to effectuate the recommendations made by the Maui Health Initiative Task Force pursuant to Act 219, Session Laws of Hawaii 2007, to ensure the provision of quality health services in Maui county.

Specifically, this measure requires the Department of Health to enter into a contract with the Hawaii Health Information Exchange, Inc. to conduct a comprehensive study of the adequacy of the existing health care delivery in the County of Maui and appropriate funds for this purpose.

In addition, this measure provides a tax credit for physicians and medical facilities that furnish medical services in Maui county.

Your Committee received testimony in opposition to this measure from the Department of Health. The Department of Taxation and Hawaii Medical Association submitted comments on this measure.

Your Committee finds that it is important to develop a policy that ensures sustainable access to quality health care in the County of Maui. The Hawaii Health Information Exchange, Inc. is a non-profit organization dedicated to the formation and operation of a health information exchange system in the State of Hawaii, which would allow a secure and rapid exchange of medical information. Enabling the Hawaii Health Information Exchange to conduct a comprehensive study of the health care needs in Maui county, in conjunction with providing a tax credit for physicians and medical facilities will effectuate the recommendations made by the Maui Health Initiative Task Force pursuant to Act 219, Session Laws of Hawaii 2007, and ensure sustainable quality health care in Maui.

Your Committee amended this measure by making technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2417, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2417, S.D. 1, and be referred to the Committee on Economic Development and Taxation.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Menor, Whalen).

SCRep. 2064 Health on S.B. No. 3236

The purpose of this measure is to advance the important specialization components of the Hawaii life sciences road map by providing a tax incentive for life sciences companies to conduct clinical trials in Hawaii.

Specifically, this measure provides:

- (1) A fifteen per cent tax credit for costs incurred for qualified clinical trials in a county with a population over 700,000; or
- (2) A twenty per cent tax credit for costs incurred for qualified clinical trials in a county with a population of 700,000 or less.

Your Committee received testimony in support of this measure from the Cheng Health Foundation. Your Committee received testimony in opposition to this measure from Animal Rights Hawaii and two individuals. The Department of Taxation submitted comments.

Your Committee finds that providing incentives for life sciences companies to conduct clinical trials in Hawaii, due to our unique location, will bring in research funding from Asia and North America. Your Committee further finds that it will encourage job growth and advancement in health technologies in the State.

Your Committee amended this measure by making technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3236, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3236, S.D. 1, and be referred to the Committee on Economic Development and Taxation.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Menor, Whalen).

SCRep. 2065 (Joint/Majority) Health and Human Services and Public Housing on S.B. No. 2101

The purpose of this measure is to establish the state health authority to propose a plan to provide medical assistance for all citizens of Hawaii.

Your Committees received testimony in support of this measure from Hawaii Pacific Health. Testimony in opposition to this measure was received from the Department of the Attorney General, the Department of Budget and Finance, Hawaii Association of Health Plans, and the Hawaii Medical Association.

Your Committees find that shifting responsibility for administering the Medicaid program from the Department of Human Services to a single state agency needs to be further researched and evaluated to ensure compliance with required federal regulations. Your Committees further find that clarification is necessary regarding the placement of a new agency or department, in order to comply with Article V, section 6 of the State Constitution.

Therefore, your Committees have amended this measure by deleting language that establishes the state health authority and replacing it with language that establishes the state health authority task force. The task force shall research, evaluate, and develop a comprehensive plan that establishes the state health authority, a single state agency that shall be responsible for the overall medical assistance and related insurance needs for the people of Hawaii.

As affirmed by the records of votes of the members of your Committees on Health and Human Services and Public Housing that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2101, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2101, S.D. 1, and be referred to the Committees on Commerce, Consumer Protection, and Affordable Housing and Judiciary and Labor.

Signed by the Chairs on behalf of the Committees. Ayes, 7. Ayes with Reservations, 1 (Whalen). Noes, 1 (Hemmings). Excused, 2 (Fukunaga, Sakamoto).

SCRep. 2066 (Joint) Human Services and Public Housing and Education on S.B. No. 2079

The purpose of this measure is to make an appropriation to expand Hawaii State Library services for the blind and physically handicapped to other public library branches in the State as a pilot project.

Testimony in support of this measure was submitted by the Office of the State Librarian, the Hawaii Association of the Blind, the Hawaii Association of Parents of the Visually Impaired, Hui O Na Makamaka Friends of the Library for the Blind and Physically Handicapped, and one individual. Testimony supporting the intent of this measure was submitted by the Department of Human Services.

Your Committees find that library resources for the blind and physically handicapped should be expanded to additional libraries so that individuals with visual impairments may have greater freedom to visit different libraries that may be closer to home, and have increased access to the information, catalogues, databases, and computer systems that libraries provide to the sighted public.

As affirmed by the records of votes of the members of your Committees on Human Services and Public Housing and Education that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2079 and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 6. Noes, none. Excused, 5 (Hee, Hooser, Nishihara, Taniguchi, Hemmings).

SCRep. 2067 (Joint) Human Services and Public Housing and Education on S.B. No. 2831

The purpose of this measure is to appropriate funds to the University of Hawaii Center on Aging Research and Education for faculty positions and program expenses.

Testimony in support of this measure was submitted by the University of Hawaii, the Maui County Executive on Aging, the Policy Advisory Board for Elder Affairs, the Hawaii Aging Advocates Coalition, Kokua Council, and two individuals.

Your Committees find that Hawaii needs an appropriate, well-funded partner like the Center on Aging Education and Research to coordinate the research, education, and training needs of an aging state network faced with an increasing number of adults who are living longer and have special needs.

Your Committees have amended this measure by making one technical, nonsubstantive amendment for the purpose of clarity.

As affirmed by the records of votes of the members of your Committees on Human Services and Public Housing and Education that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2831, as amended herein, and recommend 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 Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 6. Noes, none. Excused, 5 (Hee, Hooser, Nishihara, Taniguchi, Hemmings).

SCRep. 2068 (Joint) Human Services and Public Housing and Health on S.B. No. 2041

The purpose of this measure is to meet rising health care costs and ensure that Hawaii's residents have continued access to quality health care by appropriating funds for the State's portion of federal disproportionate share hospital allowance.

Testimony in support of the intent of the measure was presented by The Queen's Medical Center, Healthcare Association of Hawaii, and The Chamber of Commerce of Hawaii.

Your Committees understand that federal medicaid disproportionate share hospital appropriation of \$7,500,000 has been secured for Hawaii for 2008. State funds are needed to match this grant. The combined funding will help to provide continuing health care in Hawaii.

As affirmed by the records of votes of the members of your Committees on Human Services and Public Housing and Health that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2041 and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 8. Noes, none. Excused, 2 (Fukunaga, Sakamoto).

SCRep. 2069 (Joint) Human Services and Public Housing and Health on S.B. No. 2259

The purpose of this measure is to extend psychotropic medication coverage to QUEST recipients.

Testimony in support of this measure was submitted by the Department of Human Services.

Your Committees acknowledge the importance of providing open access to medications used to treat mental illness. Additionally, your Committees find that the comments made by the Department of Human Services regarding the sunset provision relating to the provision of psychotropic medications have merit. Accordingly, your Committees have amended this measure by eliminating the three-year sunset provision in order to permit permanent open access to psychotropic medications for QUEST recipients.

As affirmed by the records of votes of the members of your Committees on Human Services and Public Housing and Health that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2259, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2259, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 8. Noes, none. Excused, 2 (Fukunaga, Sakamoto).

SCRep. 2070 Human Services and Public Housing on S.B. No. 2250

The purpose of this measure is to make an appropriation for the Hawaii Public Housing Authority to install or upgrade fire safety systems in public housing facilities.

Your Committee received testimony in support of this measure from the Hawaii Public Housing Authority.

Your Committee finds that a suitable fire alarm system is needed for the safety of residents in public housing facilities. For example, the residents of Kuhio Park Terrace do not have appropriate fire safety systems. This situation poses a serious fire safety issue and is a potential source of liability for the State. This measure will appropriate funds to upgrade or install fire safety systems, such as fire alarms and water feeds, for the safety of public housing communities.

As affirmed by the record of votes of the members of your Committee on Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2250 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Hooser, Sakamoto).

SCRep. 2071 Human Services and Public Housing on S.B. No. 2223

The purpose of this measure is to appropriate funds to the Department of Human Services to provide independent living skills training, and to authorize general obligation bonds for transitional housing, for current and former foster children.

Testimony in support of this measure was submitted by Hale Kipa, Inc. Oral testimony in support of this measure was submitted by the Department of Human Services.

Your Committee finds that this measure addresses a critical shortfall in youth services, and that supporting current and former foster youth in strengthening their independent living skills would benefit both them and our communities. Your Committee further finds that the Department of Human Services has changed its plan to build transitional housing into a plan to provide housing assistance vouchers to further increase independent living skills by enabling the youth to find their own housing, and that the Department no longer seeks the authorization of general obligation bonds.

Accordingly, your Committee has amended this measure by:

- (1) Adding operating of the voucher program to the general funds appropriation and removing the authorization of general obligation bonds; and
- (2) 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 Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2223, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2223, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Hooser).

SCRep. 2072 (Majority) Human Services and Public Housing on S.B. No. 2152

The purpose of this measure is to establish a task force to study the need for and feasibility of establishing a Department on Aging, require the task force to submit findings and recommendations to the Legislature, and appropriate funds for task force operations.

Testimony in support of this measure was submitted by the Maui County Executive on Aging, the Hawaii Alliance for Retired Americans, ILWU Local 142, and the Kokua Council. Testimony supporting the intent of this measure was submitted by the University of Hawaii. Testimony in opposition to this measure as written was submitted by the Executive Office on Aging. Comments on the measure to the effect that the measure is unnecessary were submitted by the Department of Budget and Finance.

Your Committee finds that the comments submitted by the Executive Office on Aging regarding the unrealistic time frame for the task force to accomplish its mission, and that the Executive Office on Aging should have voting rights on the task force, have merit.

Accordingly, your Committee has amended this measure by:

- (1) Incorporating the comments submitted by the Executive Office on Aging by amending the task force membership to include a representative from the Executive Office on Aging, by extending the term of the task force to June 30, 2010, and by amending the date for the task force to submit its report to the Legislature to no later than twenty days prior to the convening of the Regular Session of 2010; and
- (2) 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 Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2152, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2152, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 2. Noes, 1 (Hemmings). Excused, 2 (Hooser, Sakamoto).

SCRep. 2073 Human Services and Public Housing on S.B. No. 2226

The purpose of this measure is to appropriate funds to the State Commission on Fatherhood.

Testimony in support of this measure was submitted by the Department of Human Services and the State Commission on Fatherhood.

Your Committee finds that there is a renewed understanding of the unique importance of fathers in the lives of their children, within families, and in communities, and that the State Commission on Fatherhood plays an important role in promoting healthy family relationships between parents and children.

Your Committee has amended this measure by:

- (1) Amending the appropriation to come from Temporary Assistance to Needy Families funds rather than from general funds; and
- (2) 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 Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2226, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2226, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Hooser).

SCRep. 2074 Human Services and Public Housing on S.B. No. 2290

The purpose of this measure is to authorize the Governor to appoint two members from lists of nominees prepared by the Senate President and the Speaker of the House of Representatives to the governing board of the State's Advocacy System for Persons with Developmental Disabilities.

Testimony in support of this measure was submitted by two individuals. Testimony supporting the intent of this measure was submitted by the State Council on Developmental Disabilities. Comments on the measure were submitted by the Hawaii Disability Rights Center. Oral comments were given by the Department of Human Services to the effect that the Department appreciated the intent of the measure, but did not agree with the provision that the Governor's two appointments be limited to nominee lists prepared by the Legislature.

Your Committee finds that the comments provided by the Department of Human Services have merit. Accordingly, your Committee has amended this measure by:

- (1) Eliminating the provision that the Governor make the two nominations to the Advocacy System from lists prepared by the Senate President and the Speaker of the House of Representatives; and
- (2) 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 Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2290, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2290, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Hooser, Sakamoto).

SCRep. 2075 Human Services and Public Housing on S.B. No. 2735

The purpose of this measure is to enable minors, on their own behalves, to consent to entering into an emergency shelter or other homeless facility.

Testimony in support of this measure was submitted by the Hawaii Youth Services Network and two private citizens.

Your Committee finds that runaway and homeless youth on the streets are at a high risk for assault and sexual victimization, have no safe or appropriate place to sleep, and lack adequate nutrition. Your Committee further finds that there are times when consent cannot be obtained because a parent or guardian either cannot be reached or refuses consent. Enabling youth to give consent on their own behalf for shelter when consent from a parent or guardian cannot be obtained will increase the safety and well-being of these youth.

Your Committee has amended this measure 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 Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2735, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2735, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Hooser).

SCRep. 2076 Human Services and Public Housing on S.B. No. 2050

The purpose of this measure is to appropriate funds for a survey of the number of blind, deaf, and deaf-blind persons in the State of Hawaii.

Testimony in support of this measure was submitted by Hui O Na Makamaka Friends of the Library for the Blind and Physically Handicapped and one private citizen. Oral testimony in support was provided by the Disability and Communication Access Board.

Your Committee finds that the blind and deaf community in Hawaii is made up of contributing members of society and that more must be done to bridge existing communication gaps effectively. Your Committee further finds that it is necessary to know whether adequate services are available to assist the blind and deaf community in Hawaii.

Accordingly, your Committee has amended this measure by:

- (1) Expanding the survey to include comprehensive demographic data broken down by county as well as island, an evaluation of available services, and a needs assessment;
- (2) Allowing the Department of Human Services to contract with the University of Hawaii to carry out the survey;
- (3) Requiring that the survey be conducted in collaboration with the Department of Health and with the assistance of the Disability and Communication Access Board;
- (4) Adding definitions for “deaf” and “blind”; and
- (5) 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 Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2050, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2050, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Hooser).

SCRep. 2077 Human Services and Public Housing on S.B. No. 3062

The purpose of this measure is to make an emergency appropriation from general funds for fiscal year 2007-2008 to:

- (1) Repay the Department of Budget and Finance for a loan made to cover payroll and risk management costs for liability insurance for fiscal year 2006-2007; and
- (2) Address a critical funding shortfall for operational costs of public housing programs for fiscal year 2007-2008.

Testimony in support of this measure was received from the Hawaii Public Housing Authority (HPHA) and a member of the Kalanihūia Resident Association.

Your Committee finds that there are a number of factors contributing to the shortfall at HPHA. Inconsistent levels of federal funding, the reorganization of the former Housing and Community Development Corporation of Hawaii into two entities in 2006, and the ongoing critical infrastructure needs of public housing statewide have all been factors.

Your Committee also finds that the reorganization, and the resulting HPHA structure in particular, offers the State an opportunity to focus its efforts on meeting the needs of the public housing program. While HPHA faces a formidable challenge, it is also now able to focus the efforts of its hardworking staff in a more meaningful and successful manner.

Your Committee is strongly supportive of safe, decent, affordable housing for Hawaii’s disadvantaged. Your Committee also recognizes that this is not an easy goal to meet, and that much depends on retaining and attracting the best possible people to work at HPHA. This is a tough job, and good staff can make or break a program. We acknowledge their work and we must support them. In addition to the funding in this measure, your Committee urges the Department of Budget and Finance to look closely at HPHA and its long term goals, and to provide the staffing necessary for the agency to meet these goals successfully. While we understand the importance of fiscal prudence, the welfare of our neediest citizens must have equal consideration.

Your Committee has amended this measure to make technical, nonsubstantive amendments for the purpose of clarity.

As affirmed by the record of votes of the members of your Committee on Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3062, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3062, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Hooser).

SCRep. 2078 Health on S.B. No. 3068

The purpose of this measure is to enable the continuation of existing adult mental health services to meet the needs of the expanding eligible population.

Specifically, this measure provides an emergency appropriation in the amount of \$10,000,000 in general funds to cover the ongoing costs of services provided by the adult mental health division, revenue shortfall, and operational costs at the Hawaii State Hospital.

Your Committee received testimony in support of this measure from the Department of Health, Hawaii Substance Abuse Coalition, and the Hawaii Psychiatric Medical Association.

Your Committee finds that the adult mental health services division serves a continuously increasing population. As a result, operational costs at the Hawaii State Hospital have also increased. Further, the Medicaid Rehab Option retroactive billing opportunity has passed, resulting in a deficit of federal matching funds.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3068 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Fukunaga).

SCRep. 2079 Commerce, Consumer Protection and Affordable Housing on S.B. No. 2560

The purpose of this measure is to provide further opportunities and financial assistance for the development and construction of affordable housing in the State.

Specifically, this measure provides further opportunities for very-low, low, and medium income families participating in self-help housing programs by:

- (1) Establishing a self-help housing technical assistance trust fund to be administered by the Hawaii Housing Finance and Development Corporation to provide funds for technical assistance to self-help housing programs in the State; and
- (2) Making a blank appropriation from the general fund to be deposited into the self-help housing technical assistance trust fund, and authorizing the Hawaii Housing Finance and Development Corporation to expend moneys from the trust fund to cover technical assistance costs generated by self-help housing projects in the State.

Testimony in support of this measure was submitted by the Office of Hawaiian Affairs, the Hawaii Island Community Development Corporation, the Hawaii County Economic Opportunity Council, and the Hawaii Habitat for Humanity Association. The Hawaii Housing Finance and Development Corporation submitted testimony in opposition to the measure.

Self-help housing is the lowest cost means of producing affordable housing for very-low and low income households. Self-help housing programs target families who are unable to purchase homes through conventional methods, and provides assistance to these families by enabling them to contribute "sweat equity" in the construction of their own homes, which reduces housing costs. Self-help housing programs are supported financially in a variety of ways, but the amount of these funds can be reduced due to budget constraints, or be insufficient due to escalating construction costs. Your Committee finds that establishing a self-help technical assistance trust fund will enable self-help housing programs to expand, provide additional affordable housing units, and allow self-help housing programs to leverage other funding that is available to cover all costs.

Your Committee offers the following information regarding the fiscal implications of establishing a self-help housing technical assistance trust fund for further discussion by the Committee on Ways and Means. The typical technical assistance costs in Hawaii roughly average \$20,000 per home. A trust fund dedicated to providing funds for technical assistance costs will allow self-help housing programs to provide approximately fifty additional affordable housing units per year, which equate to roughly \$1,000,000 in technical assistance costs. The Committee notes that the technical assistance cost of \$20,000 per home is a best estimate based on current projects. The consumer price index may be used to determine a sliding scale of technical assistance costs per home in the future, if necessary.

Your Committee believes that establishing a self-help housing technical assistance trust fund will fulfill the intent of this measure by providing further opportunities and financial assistance for the development and construction of affordable housing in the State.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2560 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 3 (Ige, Ihara, Sakamoto).

SCRep. 2080 Intergovernmental and Military Affairs on S.B. No. 2874

The purpose of this measure is to appropriate funds for structural and nonstructural earthquake recovery and mitigation projects, provided that the projects include measures with a multi-hazard approach to ensure survivability in future disasters.

Your Committee received testimony in support of this measure from State Department of Defense and one individual. Comments were received from the Department of Agriculture.

Act 78 Session Laws of Hawaii 2007, appropriated \$24,900,000 in emergency funds for fiscal year 2006-2007 to cover various operational expenses and project costs associated with disaster recovery and mitigation efforts in the Counties of Hawaii, Maui, and Kauai, and the City and County of Honolulu, in the wake of the Kiholo Bay earthquake on October 15, 2006.

The Legislature finds that thus far, only approximately \$7,500,000 of the total authorized funds has been expended for earthquake disaster recovery operations. Continuing adverse weather conditions and a lack of qualified contractors have delayed projects.

Your Committee has amended this measure by making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Intergovernmental and Military Affairs 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 Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, none.

SCRep. 2081 Intergovernmental and Military Affairs on S.B. No. 2028

The purpose of this measure is to make an appropriation for a grant for a capital improvement project to the Hawaii Island Veterans' Memorial, Inc.

Your Committee received testimony in support of this measure from the State Department of Defense, Office of Veterans' Services; Hawaii Island Economic Development Board; and Hawaii Island Veterans Memorial, Inc.

The Hawaii Island Veterans' Memorial, Inc. is a private, non-profit 501(c)(3) tax exempt corporation registered with the State of Hawaii that was formed from veterans groups on the island of Hawaii in 1997 for the purpose of establishing and operating a veterans center and meeting place, as well as to construct affordable housing for veterans and their dependents. Following several years of planning, fundraising, and attempts to acquire a suitable site to establish these facilities, a parcel of state land below the campus of the University of Hawaii at Hilo was identified. The State transferred the parcel to the County of Hawaii, which in turn leased it to the Hawaii Island Veterans' Memorial, Inc.

The plan of the Hawaii Island Veterans' Memorial, Inc. is in two phases. Phase one would establish and operate a multi-purpose banquet and meeting facility on the project site for the benefit of veterans groups, surrounding schools and churches, the University of Hawaii at Hilo, the Hawaii Community College, and the general public. The planned facility would also provide office and activity space for the University of Hawaii at Hilo, Hawaii Community College, the Research Corporation of the University of Hawaii, the Department of Education, and business and civic groups, including others in the community to host large group meetings, business roundtables, conferences, and similar functions.

Phase two would construct affordable housing for Hawaii senior veterans and spouses as well as other eligible seniors in Hilo.

Your Committee finds that the Big Island veterans are a special group of former military personnel who are prominently engaged in community and civic affairs. They deserve to have a meeting facility that will also be of great benefit to the general public.

Your Committee has amended this measure by changing the appropriation amount to \$1,000,000.

As affirmed by the record of votes of the members of your Committee on Intergovernmental and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2028, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2028, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, none.

SCRep. 2082 Intergovernmental and Military Affairs on S.B. No. 2527

The purpose of this Act is to make an appropriation to help defray the operational expenses of the Hawaii Civil Air Patrol.

Your Committee received testimony in support of this measure from the State Department of Defense; 66th Composite Squadron, Civil Air Patrol; Headquarters, Hawaii Wing, Civil Air Patrol; Hawaii Wing Civil Air Patrol; CLS Hawaii; and fourteen individuals.

Your Committee finds that the \$75,000 appropriated for fiscal year 2007 will be exhausted by March 31, 2008. The Legislature also finds that there was no funding at all for the Hawaii Civil Air patrol for fiscal years 1997 through 2003. The level of funding from fiscal year 2004 through 2007 was below historical funding levels from fiscal year 1982 until fiscal year 1997. Thus, historically the Hawaii Civil Air Patrol has struggled to maintain its readiness capabilities.

In the past, the Civil Air Patrol has relied upon combining pilot proficiency and competency training with the United States Air Force and Drug Enforcement Administration programs. However, this funding on the federal level is declining. The lack of funding has other adverse consequences to the State, including maintaining an adequate tsunami warning system and disaster relief missions.

As affirmed by the record of votes of the members of your Committee on Intergovernmental and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2527 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, none.

SCRep. 2083 (Joint) Health and Human Services and Public Housing on S.B. No. 2537

The purpose of this measure is to provide for the development and implementation of a modified home care and community health demonstration project for chronic kidney disease patients living in rural areas of the State.

Specifically, this measure appropriates \$1,700,000 as a grant-in-aid to the St. Francis Healthcare System to develop and implement the modified home care and community health demonstration project that addresses health care access and needs of patients with chronic kidney disease.

Your Committees received testimony in support of this measure from St. Francis Healthcare Foundation of Hawaii, the National Kidney Foundation, and the Policy Advisory Board for Elder Affairs.

Your Committees find that the St. Francis Healthcare System is developing the “Stay Healthy at Home” program, a four-year demonstration project, to meet the needs of our expanding older adult population and patients of chronic diseases. Chronic kidney disease affects more than twenty per cent of our State’s population, with another twenty per cent predisposed to contract the disease in the near future.

Your Committees further find that this measure will support the advancement of at-home and community health care for patients suffering from chronic kidney disease, enabling them to remain at home as long as possible.

As affirmed by the records of votes of the members of your Committees on Health and Human Services and Public Housing that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2537 and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 8. Noes, none. Excused, 2 (Fukunaga, Sakamoto).

SCRep. 2084 (Joint) Human Services and Public Housing and Health on S.B. No. 2541

The purpose of this measure is to:

- (1) Expand coverage under the Medicaid and QUEST programs to include comprehensive dental care coverage for eligible persons twenty-one years of age or older, and appropriate funds therefor;
- (2) Require the Department of Health to establish a one-year pilot program to gather information on hospital dentistry for the developmentally disabled in the County of Hawaii, and appropriate funds therefor; and
- (3) Establish a task force to develop ways to recruit and retain dental care practitioners.

Testimony in support of this measure was submitted by the State Council on Developmental Disabilities, the East and West Hawaii Developmental Disabilities Committees and the Hawaii Oral Health Task Force, the Life Foundation, The Arc in Hawaii, and five private citizens. Comments on the measure were submitted by the Department of Human Services.

Your Committees find that this measure would help to alleviate on-going dental care issues facing Medicaid and QUEST recipients, and that services currently available do not meet the needs of those who suffer from acute and emergent dental conditions.

Your Committees have amended this measure by 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 Human Services and Public Housing and Health that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2541, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2541, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 8. Noes, none. Excused, 2 (Fukunaga, Sakamoto).

SCRep. 2085 Human Services and Public Housing on S.B. No. 2051

The purpose of this measure is to appropriate funds for hearing and vision screening for newborns, children, and teenagers.

Testimony in support of this measure was submitted by the Department of Education, Hawaii Pacific Health, The International Association of Lions Clubs, and one individual. Comments on the measure were submitted by the Department of Health.

Your Committee finds that continuous hearing and vision screening programs are critical for identifying a wide range of health needs in children that could worsen or become permanent, and to identify any barriers that would impair a child’s ability to learn. Your Committee also wishes to note that the International Association of Lions Clubs and Rotary Clubs have been doing excellent work in the community conducting vision screening programs for children, and would be willing to partner with the Department of Health to continue their work.

Accordingly, your Committee has amended this measure by:

- (1) Indicating that the Department of Health shall partner with the Department of Education, and may partner with community service organizations including the International Association of Lions Clubs and Rotary Clubs, to carry out the hearing and vision screening; and
- (2) 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 Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2051, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2051, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Hooser).

SCRep. 2086 (Majority) Human Services and Public Housing on S.B. No. 2052

The purpose of this measure is to require that hearing aid devices be included in mandatory insurance coverage for Medicaid and private health insurance.

Testimony in support of this measure was submitted by the Hawaii Medical Association. Oral testimony in support of this measure was submitted by the Department of Human Services, the Disability and Communication Access Board, the State Council on Developmental Disabilities, Kaiser Permanente Hawaii, the Hawaii Center for Independent Living, and two private individuals. Testimony in opposition to this measure was submitted by the Hawaii Association of Health Plans. Comments on the measure were submitted by Department of Commerce and Consumer Affairs and the Hawaii Medical Service Association (HMSA).

Your Committee finds that this measure would increase the number of available health care options for the hearing impaired in the community. Your Committee further finds that according to the Department of Human Services, Medicaid already covers hearing aids, and that according to HMSA, its Preferred Provider and Health Plan Hawaii Plus plans already cover hearing aids.

Accordingly, your Committee has amended this measure by:

- (1) Removing Medicaid from the mandate; and
- (2) 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 Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2052, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2052, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Affordable Housing.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, 1 (Hemmings). Excused, 1 (Hooser).

SCRep. 2087 Human Services and Public Housing on S.B. No. 2151

The purpose of this measure is to expand the long-term care ombudsman program by adding three additional ombudsman positions for each of the neighboring counties.

Testimony in support of this measure was submitted by the Maui County Executive on Aging, the Hawaii Disability Rights Center, the Hawaii Government Employees Association, ILWU Local 142, the Kokua Council, the National Association of Social Workers Hawaii Chapter, and three private citizens. Comments on the measure were submitted by the Executive Office on Aging.

Your Committee finds that the needs of Hawaii's long-term care residents are not being met and that there is a critical need for regular and consistent visits by the long-term care ombudsman to facilities that care for the elderly. Your Committee further finds that with additional ombudsmen, there will be an increase in training and better, more responsive monitoring of the various facilities statewide.

Your Committee has amended this measure by incorporating a comment made by the Executive Office on Aging (EOA) and adding the word "state" in three instances to the position title to read "state long-term care ombudsman", which is the official title of the position already established in the EOA, as distinguished from the three new local long-term care ombudsmen.

As affirmed by the record of votes of the members of your Committee on Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2151, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2151, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Hooser, Sakamoto).

SCRep. 2088 Water and Land on S.B. No. 2249

The purpose of this measure is to appropriate funds to purchase equipment for stream maintenance.

Testimony in support of the intent of the measure was presented by the Department of Land and Natural Resources.

There are approximately 445 stream outlets on the island of Oahu. Many become obstructed which results in severe flooding during the annual rainy season. The Department of Transportation (Department) presently lacks certain equipment that would facilitate stream maintenance on Oahu. The ability to maintain the streams properly would significantly diminish the risk of their flooding and resultant injury to persons as well as property damage. This measure allows the Department to purchase the equipment necessary to perform stream maintenance on Oahu faster and more effectively.

The Committee has amended the measure by:

- (1) Providing that the stream maintenance equipment is to be used for the maintenance of all streams on the island of Oahu;
- (2) Changing the expending agency to the Department of Transportation; and
- (3) Itemizing the stream maintenance equipment to be purchased.

As affirmed by the record of votes of the members of your Committee on Water and Land 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 referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Whalen).

SCRep. 2089 Education on S.B. No. 2654

The purpose of this measure is to establish and appropriate funds for the Teacher Workforce Strategic Planning Committee to address teacher workforce issues in the State.

Testimony in support of this measure was submitted by the Department of Education, the Hawaii State Teachers Association, and one individual.

Your Committee finds that, pursuant to Senate Concurrent Resolution No. 56, S.D. 1, Regular Session 2007, the Hawaii Educational Policy Center (HEPC) was requested to report to the Legislature on the retention and change in assignment of teachers within the Department of Education. Subsequently, the HEPC conducted a study and reported back to the Legislature that, among other things, the necessary information to fulfill the Legislature's requests was currently unavailable. The HEPC recommended that the Legislature convene a committee to develop, adopt, adapt, track, and evaluate the implementation of a strategic teacher workforce development

plan for the State. This measure establishes the Teacher Workforce Strategic Planning Committee, as recommended, to address critical issues, including access to and collection of necessary data on teachers, as well as conduct research on teacher workforce experiences and decision making processes.

Your Committee has amended this measure by:

- (1) Including an appropriation in the amount of \$25,000 for the Teacher Workforce Strategic Planning Committee; 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 Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2654, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2654, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 7. Noes, none. Excused, 1 (Hee).

SCRep. 2090 Education on S.B. No. 2657

The purpose of this measure is to establish and appropriate funds for a teacher housing allowance program to provide housing assistance to teachers employed in schools in geographically isolated areas or hard-to-fill positions within the State.

Testimony in support of the measure was submitted by the Department of Education.

Your Committee finds that the recruitment and retention of qualified teachers to teach in public schools throughout the State is an issue of critical importance. Additionally, finding qualified teachers to teach in hard-to-fill positions or geographically isolated schools in the State is extremely challenging for the Department of Education. This measure provides a teacher housing allowance for teachers who teach in hard-to-fill positions or geographically isolated public schools in Hawaii. Your Committee believes that the provision of additional incentives such as this will greatly assist the Department of Education in fulfilling its mission of providing a quality public school education to the students of our State.

Upon consideration of similar measures that presented alternative incentives in the form of housing assistance for public school teachers, your Committee believes that further investigation is necessary to determine the appropriate program or incentive to best serve the needs of the State and its teachers. Additionally, your Committee is concerned that the condition of existing teacher housing should also be addressed to protect the residents' safety and to ensure that this incentive is appropriately maintained.

Accordingly, your Committee has amended this measure by:

- (1) Including an appropriation for the renovation, repair, and maintenance of existing teacher housing;
- (2) Requiring the Department of Education to report to the Legislature on alternative teacher housing incentives; and
- (3) 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 S.B. No. 2657, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2657, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 7. Noes, none. Excused, 1 (Hee).

SCRep. 2091 Education on S.B. No. 2667

The purpose of this measure is to appropriate funds to school complex areas for leadership training and induction mentoring.

Testimony in support of this measure was submitted by the Department of Education, the Hawaii Association of Independent Schools, and seven individuals.

Your Committee finds that, due to the teacher shortage problem in the State, it is of great importance to support initiatives and programs that support teacher recruitment, retention, and professional development. Funding for these areas is currently lacking, particularly in the era of weighted student formula allocations. Your Committee further finds that the division of school complex areas provides a unique opportunity for complex area administrators to allocate funds within the complex areas to specifically suit the needs of their schools and staff. This measure provides funding to the complex areas for teacher induction and leadership training to support teacher recruitment and retention in the State.

Your Committee also held a hearing on a related matter, Senate Bill No. 2683, which provided funding to complex areas for academic coaches, professional development, and the retention of teachers. Your Committee believes that this measure provides the proper vehicle for the appropriation of funds to complex areas to provide comprehensive teacher recruitment, retention, and professional development support.

Accordingly, your Committee has amended this measure by requiring that funds appropriated shall be allocated by the complex areas for academic coaches, professional development, and the retention of teachers, as well as teacher induction mentoring and leadership training.

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. 2667, as amended herein, and recommends 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 Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 7. Noes, none. Excused, 1 (Hee).

SCRep. 2092 Education on S.B. No. 2672

The purpose of this measure is to establish a graduate school loan program and corresponding special fund for qualified individuals in the areas of occupational therapy, physical therapy, speech language pathology, and school psychology who agree to work in Hawaii for a specified number of years after completion of their graduate program.

This measure also provides a loan forgiveness schedule for individuals who maintain approved employment and appropriates funds for the program.

Testimony in support of this measure was submitted by the State Council on Developmental Disabilities, the Center on Disability Studies, the Hawaii Chapter, American Physical Therapy Association, the Occupational Therapy Association of Hawaii, ALOHA Special Technology Access Center, the Hawai'i Early Intervention Coordinating Council, the Hawaii Speech-Language-Hearing Association, Easter Seals Hawai'i, and thirty-three individuals. Testimony in opposition of this measure was submitted by the Department of Budget and Finance and the University of Hawaii System.

Your Committee finds that the current workforce cannot support the growing need for licensed and qualified rehabilitative and related services professionals in the State. Unfortunately, accredited programs for all of these fields are not available in the State; therefore, we must look to qualified individuals from outside of the State or local residents who have been educated and trained outside of the State to return to Hawaii to provide necessary services. Your Committee finds that the provision of assistance to individuals enrolled in graduate programs in physical therapy, occupational therapy, speech language pathology, and school psychology is a viable option for growing the required workforce. The Hawaii Educator Loan Program, administered by the University of Hawaii, has been successful in attempting to recruit teacher candidates to teach in critical needs areas in the Department of Education. Your Committee believes that the establishment of a similar program for rehabilitative and related services professionals may also prove successful.

Based on testimony submitted, your Committee acknowledges that the cost of administering this type of program is ambiguous, particularly due to the fact that it can encompass students in graduate programs all across the country. Your Committee believes that these expenses should be provided for and not unfairly borne by the Center on Disability Studies of the University of Hawaii.

Accordingly, your Committee has amended this measure by:

- (1) Including a provision that specifies a portion of funds appropriated shall be used for administrative costs of the Rehabilitative and Related Services Graduate School Loan Program; and
- (2) Making technical, non-substantive changes 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 S.B. No. 2672, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2672, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 7. Noes, none. Excused, 1 (Hee).

SCRep. 2093 Education on S.B. No. 2692

The purpose of this measure is to appropriate funds for the Hawaii teacher cadet program to address the teacher shortage.

Testimony in support of the measure was submitted by the Department of Education, the Hawaii State Teachers Association, the Hawaii Alliance for Future Teachers, Hawaii Pacific University Teacher Education Program, the Institute for Native Pacific Education and Culture, the Hawaii Education Association, and thirty-nine individuals.

Your Committee finds that initiatives and programs for addressing the teacher shortage problem that continues to plague our State is essential to providing for not only teacher recruitment and retention, but also high student achievement. As the teacher shortage continues, the State must continue to explore and support efforts for growing a local teaching workforce. The Legislature, pursuant to Act 159, Session Laws of Hawaii 2005, established the Hawaii Teacher Cadet Program to identify, support, and encourage prospective teachers while they are still in high school. This measure provides funding to support the program and, your Committee believes that continued efforts to provide incentives and support for persons pursuing a teaching career will help to address the teacher shortage problem and ensure high quality education for our children.

Your Committee finds that the current law requires the Hawaii Alliance for Future Teachers, which administers the Hawaii Teacher Cadet Program, to provide matching donations, in various forms, for appropriations made by the State. Your Committee believes that this requirement is too burdensome for the Hawaii Alliance for Future Teachers and does not want such a requirement to jeopardize the work of the program.

Accordingly, your Committee has amended this measure by:

- (1) Removing the provision requiring the Hawaii Alliance for Future Teachers to match appropriations or donations; and
- (2) Making technical, nonsubstantive changes 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 S.B. No. 2692, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2692, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 7. Noes, none. Excused, 1 (Hee).

SCRep. 2094 Education on S.B. No. 2698

The purpose of this measure is to expand the Hawaii Educator Loan Program to include state-approved teacher education programs outside of the University of Hawaii and the State.

Testimony in support of the measure was submitted by the Office of the Governor, the Department of Education, Hawaii Pacific University, and one individual. Testimony in opposition of the measure was submitted by the University of Hawaii System.

Your Committee finds that it is a challenge for the Department of Education to recruit and retain qualified teachers to teach in our public schools. The difficulty of this task is exacerbated when seeking qualified teachers to teach in hard-to-fill positions or geographically isolated schools. Growing a local teacher workforce is essential to providing quality public education throughout the State. Pursuant to Act 307, Session Laws of Hawaii 2001, the Legislature established the Hawaii Educator Loan Program as a tool for recruiting college students within the University of Hawaii System to become educators and to ensure that these graduates teach in our public schools. This measure seeks to expand the program by including loans for students in approved teacher education programs outside of the University of Hawaii and the State. Your Committee believes that the expansion of this program will encourage a greater number of individual to return to teach in Hawaii's public schools.

Upon consideration of testimony and other information provided, your Committee understands that the cost of administering the program could increase greatly with the expansion of the program. Your Committee believes that these expenses should be provided for and not unfairly borne by the University of Hawaii. Additionally, your Committee wants to ensure that the Superintendent of Education considers charter schools in making determinations of which schools qualify as geographically isolated schools that are eligible under this program.

Accordingly, your Committee has amended this measure by including a provision that specifies a portion of funds appropriated shall be used for administrative costs of the Hawaii Educator Loan 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. 2698, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2698, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 7. Ayes with Reservations, 1 (Taniguchi). Noes, none. Excused, 1 (Hee).

SCRep. 2095 Education on S.B. No. 2751

The purpose of this measure is to improve charter school administration by:

- (1) Prohibiting the Board of Education member on the Charter School Review Panel (Panel) to sit on appeals from the Panel's decisions;
- (2) Authorizing the Board of Education to remove a Panel member for cause;
- (3) Requiring the Charter School Administrative Office to be represented by an assigned deputy attorney general, separate from counsel for the Board of Education;
- (4) Requiring submission to and approval of the charter school budget by the Panel;
- (5) Authorizing the Charter School Administrative Office to submit a capital improvement projects budget for charter school facilities to the Department of Budget and Finance, subject to approval by the Panel;
- (6) Excluding fringe benefits, special education, and federal funding from the per-pupil appropriation to charter schools;
- (7) Specifying the duties of the Executive Director of the Charter School Administrative Office with regard to the preparation of the budget; and
- (8) Clarifying that the Panel is subject to the requirements of the Sunshine law.

Testimony in support of the measure was submitted by the Office of the Governor and Kamehameha Schools. Comments on the measure were also submitted by the Board of Education.

Your Committee finds that charter schools within the State play an important role in providing Hawaii's families with additional options for obtaining a quality public school education. Pursuant to Act 298, Session Laws of Hawaii 2006, the Legislature sought to improve the charter school system by adopting proposals recommended by the Task Force on Charter School Governance that was established by Act 87, Session Laws of Hawaii 2005. Subsequently, the Legislature continued with efforts to provide for the efficient operations of charter schools within the State, pursuant to Act 115, Session Laws of Hawaii 2007. This measure signifies the Legislature's continued efforts to improve charter school administration by ensuring the existence of fair and streamlined processes and by clarifying the duties and authority of the Department of Education and Board of Education as the State Education Agency. Your Committee believes that this measure will assist the charter schools and the Board of Education by providing further clarity and guidance in charter school administration.

Accordingly, your Committee has amended this measure 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 Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2751, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2751, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 7. Noes, none. Excused, 1 (Hee).

SCRep. 2096 Education on S.B. No. 3186

The purpose of this measure is to establish the Charter School Guarantee Program to enable charter schools to acquire facilities through lease purchase financing agreements.

This measure also establishes the charter school revolving fund for the financing of lease purchase financing agreements for charter school facilities.

Testimony in support of the measure was submitted by Kamehameha Schools and Kanu o ka 'Āina Learning 'Ohana. Testimony in opposition of the measure was submitted by the Department of Budget and Finance.

Your Committee finds that charter schools provide Hawaii's parents and students with valuable choices for obtaining a quality public education in the State. However, the availability of adequate facilities for charter schools remains an unresolved issue for charter schools throughout the State. Alternative methods for obtaining adequate facilities must be explored to ensure proper learning environments. This measure addresses the need for charter school facilities by authorizing charter schools to acquire facilities through lease purchase financing agreements.

Upon review of the testimony provided, your Committee finds that questions exist regarding the propriety of the Charter School Guarantee Program and the revolving fund established therefor. However, the issue is one of great import that warrants continued exploration of this or other methods for ensuring the provision of adequate facilities for charter schools.

Accordingly, your Committee has amended this measure by:

- (1) Including a necessary appropriation of funds out of the Charter School Revolving Fund;
- (2) Changing its effective date to July 1, 2050, to facilitate further discussion on the matter; and
- (3) 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 S.B. No. 3186, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3186, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 7. Noes, none. Excused, 1 (Hee).

SCRep. 2097 Health on S.B. No. 3074

The purpose of this measure is to comply with negotiated collective bargaining increases in fiscal year 2008 and maintain emergency ambulance services to meet public need.

Specifically, this measure makes an emergency appropriation in the amount of \$1,807,539 for the Emergency Medical Services and Injury Prevention System Branch of the Department of Health.

Your Committee received testimony in support of this measure from the Department of Health.

Your Committee finds that the State provides emergency ambulance services for Oahu through a contractual arrangement with the City and County of Honolulu. The City and County of Honolulu Emergency Services Department employs personnel represented by United Public Workers, Unit 1 and Unit 10, and Hawaii Government Employees Association, Unit 3 and Unit 13, for the collective bargaining of salaries and employee benefits. Your Committee finds that this emergency appropriation is necessary to comply with the collective bargaining increases and to ensure public safety and ambulance services.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3074 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Menor, Whalen).

SCRep. 2098 Human Services and Public Housing on S.B. No. 2214

The purpose of this measure is to expand the Bridge to Hope Program to enable all heads of household receiving financial assistance and participating in the first-to-work program to pursue education beyond the federal limit of one year of vocational education.

Testimony in support of this measure was submitted by the Department of Human Services; the University of Hawai'i; the University of Hawai'i Bridge to Hope Program; the Legal Aid Society of Hawai'i; the National Association of Social Workers, Hawaii Chapter; the Hawaii Women's Coalition; and one private individual.

Testimony in support of a very similar measure, S.B. 2210, was submitted by the Department of Human Services, the University of Hawai'i Bridge to Hope Program, and six private individuals.

Your Committee finds that communities benefit when low-income women complete higher education, and that in addition to increased earnings, program participants have reported that education helped them to overcome substance abuse, leave destructive relationships, develop self-esteem, and become hopeful about their futures.

Your Committee further finds that most of the parties who testified in support of both measures indicated a preference for the language of S.B. No. 2210. Accordingly, your Committee has amended this measure by:

- (1) Inserting the purpose section of S.B. No. 2210 into this measure; and
- (2) 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 Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2214, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2214, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Hooser).

SCRep. 2099 Tourism and Government Operations on S.B. No. 1773

The purpose of this short form measure is to effectuate the title of this measure.

Your Committee has amended this measure by inserting provisions to clarify the applicability of procurement, public meetings, open records, and financial disclosure laws to advisory committees convened to either make recommendations or expend public funds that amount to \$100,000 or more for procurement purposes.

As affirmed by the record of votes of the members of your Committee on Tourism and Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1773, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1773, S.D. 1, and be recommitted to the Committee on Tourism and Government Operations, for further consideration.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, none.

SCRep. 2100 Economic Development and Taxation on S.B. No. 591

The purpose of this short form bill is to amend the law relating to taxation.

Your Committee has amended this measure by deleting its contents and inserting provisions to recodify the State's capital goods excise tax credit.

Your Committee finds that S.C.R. No. 115, H.D. 1, (2007) requested the Department of Taxation (Department) to redraft the capital goods excise tax credit codified in section 235-110.7, Hawaii Revised Statutes, to remedy old references to repealed law and to incorporate the current status of the Internal Revenue Code. This request was made to assist both the Department and tax practitioners in cutting the rate of incorrectly filed claims for the capital goods excise tax credit.

The Department issued its report on December 28, 2007, and subsequently transmitted a first draft of the required legislation. Due to the short timeframe from transmittal to bill introduction, your Committee considers this measure to be a "work in progress" between the Legislature, the Department, and tax practitioners most directly affected by the provisions of the capital goods excise tax credit.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 591, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 591, S.D. 1, and be recommitted to the Committee on Economic Development and Taxation, for further consideration.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Baker, English).

SCRep. 2101 Economic Development and Taxation on S.B. No. 304

The purpose of this short form bill is to amend the law relating to culture.

Your Committee has amended this measure by deleting its contents and inserting the language from S.B. No. 3162, which appropriates funds to support the Honolulu Symphony and its programs.

Your Committee has amended this measure to address a concern that the title of S.B. No. 3162, MAKING AN APPROPRIATION FOR THE HONOLULU SYMPHONY AND ITS PROGRAMS, is too narrow. The broader title of S.B. No. 304 will give both the Legislature and the Honolulu Symphony greater flexibility to address any additional concerns that may arise during the legislative session.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 304, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 304, S.D. 1, and be recommitted to the Committee on Economic Development and Taxation, for further consideration.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Baker, English).

SCRep. 2102 (Joint) Transportation and International Affairs and Energy and Environment on S.B. No. 2365

The purpose of this measure is to allow hybrid vehicles to use a high occupancy vehicle lane; provided that the Director of Transportation, by rule, develops a means to identify hybrid vehicles.

Testimony in support of this measure was received from the Alliance of Automobile Manufacturers; Hawaiian Electric Company, Inc.; Maui Energy Group; and two individuals.

Your Committees find that this measure would help in promoting increased use of fuel efficient hybrid vehicles by Hawaii residents. Your Committees have also considered requests to extend the use of high occupancy vehicle lanes to other energy-efficient vehicles, and believes this change would increase the benefit for Hawaii drivers.

Your Committees have amended this measure accordingly, by adding:

- (1) A definition of "energy-efficient vehicle"; and
- (2) Energy-efficient vehicles in references to hybrid vehicles throughout the measure.

As affirmed by the records of votes of the members of your Committees on Transportation and International Affairs and Energy and Environment that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2365, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2365, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chairs on behalf of the Committees. Ayes, 8. Ayes with Reservations, 1 (Trimble). Noes, none. Excused, 2 (Kokubun, Tsutsui).

SCRep. 2103 Ways and Means on S.B. No. 2960

The purpose of this measure is to make an emergency appropriation for the Department of Accounting and General Services to make electricity payments for department-managed facilities statewide.

Testimony in support of the measure was received from the Department of Accounting and General Services.

Your Committee finds that this measure is necessary to cover a projected shortfall of funds that is due to the spike in oil prices since the start of the 2007-2008 fiscal year. Without this emergency appropriation, the Department of Accounting and General Services will be unable to make timely utility payments for the remainder of this fiscal year for facilities under the Department's jurisdiction.

Your Committee will continue to monitor this measure and work with the House Committee on Finance to determine the final appropriation amount necessary.

Your Committee has made technical nonsubstantive amendments to this measure 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. 2960, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2960, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 10. Noes, none. Excused, 2 (Chun Oakland, Fukunaga).

SCRep. 2104 Commerce, Consumer Protection and Affordable Housing on S.B. No. 2292

The purpose of this measure is to create parity between United States and non-United States cardholders and new source of revenue for automated teller machine (ATM) operators in Hawaii by allowing ATM operators in Hawaii to assess a customer transaction fee at the point of sale for ATM cash withdrawals made by international cardholders.

Testimony in support of this measure was received from the Financial Institutions Division, Department of Commerce and Consumer Affairs; Central Pacific Bank; the Hawaii Credit Union League; and the Hawaii Bankers Association.

Your Committee finds that an ATM domestic cardholder from a financial institution located in the mainland or Hawaii can be assessed a transaction fee, but that international cardholders are not assessed a fee due to international surcharge rules in VISA International and Mastercard International agreements. Transaction fees are the primary source of revenue for ATM units and are typically waived for the customers of the financial institutions operating the ATM. Exempting international cardholders from transaction fees will result in higher pricing for ATM transactions in heavy visitor traffic areas in order to offset the reduced revenue sources at a cost to Hawaii residents and domestic cardholders. Your Committee believes that overriding restrictions on assessing international cardholders ATM transaction fees will fulfill the intent of this measure, which is to create parity between domestic and international cardholders and a new source of revenue for ATM operators in Hawaii.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2292 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, 1 (Ige).

SCRep. 2105 Commerce, Consumer Protection and Affordable Housing on S.B. No. 2169

The purpose of this measure is to expand the wholesale and retail wine market in Hawaii by establishing a new winery class of liquor licenses.

Testimony in support of this measure was submitted by Wine the Experience and four private individuals.

Your Committee finds that the existing law relating to liquor licenses under section 281-31, Hawaii Revised Statutes, does not provide a liquor license class for wineries. Establishing a winery liquor license will provide a business or organization that is federally permitted to produce wine to continue to do business as a fully licensed entity on the state and county level, and be regulated by the appropriate county liquor commission. A new class of liquor licenses will allow small businesses to create and market locally produced products; thus, resulting in a stronger local economy.

Your Committee has amended this measure to make technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee believes that establishing a new liquor license class for wineries will fulfill the intent of this measure, which is to expand the wholesale and retail wine market in Hawaii.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2169, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2169, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, 1 (Ige).

SCRep. 2106 Commerce, Consumer Protection and Affordable Housing on S.B. No. 2401

The purpose of this measure is to amend various provisions of the Hawaii Revised Statutes relating to condominiums to reflect the existence of two different chapters relating to condominiums.

Your Committee received testimony in support of this measure from the Legislative Reference Bureau.

Act 164, Session Laws of Hawaii 2004, repealed portions of chapter 514A, Hawaii Revised Statutes, relating to condominium property regimes, and enacted a new condominium law, codified as chapter 514B, Hawaii Revised Statutes. Act 164 also substituted

chapter 514B in place of 514A in a number of cross-references. Act 244, Session Laws of Hawaii 2007, reinstated the portions of chapter 514A that were repealed in the 2004 legislation, resulting in two operative chapters relating to condominiums, but did not, among other things, reinstate chapter 514A in the cross-references from which it had been deleted.

Your Committee finds that all of the statutory amendments proposed by the measure are of a technical housekeeping nature and are done simply to correct the types of errors noted in the title of this bill.

Your Committee has amended this bill by:

- (1) Making the amendments to section 26-9(o) in section 3(2) of this bill (relating to the section 514A-131 fund) retroactive to July 1, 2006, so as not to jeopardize the administration of the fund in question;
- (2) Rephrasing the term "association of apartment owners or unit owners' association" to read "association of owners under chapter 514A or 514B"; and
- (3) Making technical nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing 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 Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, 1 (Ihara).

SCRep. 2107 Commerce, Consumer Protection and Affordable Housing on S.B. No. 2402

The purpose of this measure is to amend various sections of volume 11 of the Hawaii Revised Statutes to correct errors and clarify language.

Your Committee received testimony in support of this measure from the Legislative Reference Bureau.

Your Committee finds that all of the statutory amendments proposed by the measure are of a housekeeping nature and are done simply to correct the types of errors noted in the title of this bill.

Your Committee has amended this bill by:

- (1) Deleting the amendments to sections 482E-6 and 489D-8, Hawaii Revised Statutes, as proposed in sections 48 and 79 of this bill, respectively; and
- (2) Making technical nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing 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 placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, 1 (Ihara).

SCRep. 2108 Commerce, Consumer Protection and Affordable Housing on S.B. No. 2454

The purpose of this measure is to streamline and ensure transparency in the non-judicial foreclosure process by requiring a foreclosure mortgagee to provide pertinent information regarding the property to interested parties.

Specifically, this measure requires a foreclosure mortgagee to provide the telephone number of an attorney located and licensed in Hawaii as the contact individual, and authorizes the attorney to provide information regarding the property to qualified callers.

Testimony in support of this measure was submitted by the Collection Law Section of the Hawaii State Bar Association and First Hawaiian Bank.

A large number of Hawaii foreclosures are handled by servicing corporations located on the mainland that provide little to no information relating to the foreclosure to parties that are entitled to information regarding the property to be foreclosed. It is common for a person to call the contact telephone number contained in a foreclosure notice, only to encounter automated recorded messages, being placed on hold, or being transferred to an individual who is not properly trained to provide the caller with the appropriate information. Your Committee finds that requiring a foreclosure mortgagee to provide the telephone number of any attorney located and licensed in Hawaii as the contact individual who has the authority to provide pertinent information to qualified callers will enable consumers and other parties in a foreclosure to obtain important information about the foreclosure and the property in a timely and efficient manner.

Testimony indicated that requiring a non-judicial foreclosure mortgagee to provide pertinent information to interested parties would not impact the resale value of the property scheduled to be auctioned. The Collection Law Section of the Hawaii State Bar Association clarified to your Committee the timeframe of providing information to interested parties.

Accordingly, your Committee has amended this measure by:

- (1) Clarifying that the attorney authorized as the contact individual shall disclose to the requestor, upon request, the amount to cure the default, attorneys' fees and costs, and other fees and costs estimated to be incurred by the foreclosing mortgagee prior to the auction within five business days of the request; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee believes that requiring a mortgagee to provide the telephone number of an attorney located and licensed in Hawaii as the contact individual to provide information regarding the property to qualified callers fulfills the intent of this measure, which is to streamline and ensure transparency in the non-judicial foreclosure process.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing 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 Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, 1 (Ige).

SCRep. 2109 Agriculture and Hawaiian Affairs on S.B. No. 2639

The purpose of this measure is to:

- (1) Increase the limits of Class A and B aquaculture loans from \$400,000 to \$800,000;
- (2) Make credit denial requirements for aquaculture loans consistent with the requirements for agriculture loans;
- (3) Create a "new aquaculturist program" within the aquaculture loan program;
- (4) Transfer and incorporate aquaculture loan funds into the agricultural loan revolving fund; and
- (5) Increase the expenditure ceiling of the agriculture loan revolving fund up to the combined ceiling total for the agricultural and aquaculture loan revolving funds.

Testimony in support of this measure was submitted by the Department of Agriculture, Hawaii Aquaculture Association, and Hawaiian Electric Company, Inc.

Your Committee finds that the aquaculture industry has undergone tremendous growth in recent years. This measure will assist the aquaculture industry by making the aquaculture loan program more equal to the agricultural loan program and will provide greater flexibility in funding. The Department of Agriculture currently has two separate programs for agriculture and aquaculture farmers. This measure would combine the programs and allow for increased loan limits.

As affirmed by the record of votes of the members of your Committee on Agriculture and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2639 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (Hee).

SCRep. 2110 Agriculture and Hawaiian Affairs on S.B. No. 3208

The purpose of this measure is to appropriate funds for a grant to the Hawaii Farm Bureau Federation to conduct agricultural research and development.

Testimony in support of this measure was submitted by the Department of Agriculture, Hawaii Farm Bureau Federation, Hawaii Agricultural Research Center, Alexander and Baldwin, Inc., Land Use Research Foundation, Hawaii Cooperative of Organic Farmers, Hawaii Crop Improvement Association, Hawaii Beekeepers Association, and one individual.

Your Committee finds that agriculture will continue to play a vital role in Hawaii's efforts to become more self-sustainable. With the demise of the plantations that once controlled vast acres of pineapple and sugarcane fields, there is a need to promote the diversification of Hawaii's agriculture industry. The agriculture industry should continue to explore new opportunities as prime agricultural lands become available. To take advantage of these opportunities and to provide the necessary support for the overall transition of Hawaii's agriculture industry from plantation agriculture to diversified agriculture, more resources must be directed toward agricultural resources and development. The Hawaii Farm Bureau Federation is a non-profit agricultural organization representing the interests of, and exemplifying a strong commitment to, the agriculture industry in Hawaii and can ensure that agricultural research and marketing meet the needs of local farmers and ranchers.

Although your Committee passes this measure with a blank appropriation, it is recommended that the amount of \$1,000,000 be inserted by the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Agriculture and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3208 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (Hee).

SCRep. 2111 Education on S.B. No. 2235

The purpose of this measure is to appropriate funds to provide one educational assistant for every public school class in grades kindergarten through three.

Testimony in support of the measure was submitted by the Hawaii State Teachers Association and one individual. Comments on the measure were submitted by the Department of Education.

Your Committee finds that educational assistants play a vital role in the education and development of our public schools students. Assistance is most necessary at the early education level, as research indicates that early childhood education is instrumental in lifelong success. The State must do more to promote, enhance, and support programs and initiatives that address the needs of our young children. This measure appropriates funds for educational assistants in every public school classroom in grades kindergarten to three. Your Committee understands that the potential cost for this endeavor may be excessive, although true costs are currently unclear,

particularly in light of anticipated estimations for the institution of a career ladder program for educational assistants. Therefore, your Committee believes that a more conservative initiative may be more appropriate at this time.

Accordingly, your Committee has amended this measure by limiting its scope to appropriate funds for an educational assistant in each public school junior kindergarten classroom only.

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. 2235, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2235, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Ayes with Reservations, 1 (Slom). Noes, none. Excused, 3 (Chun Oakland, Nishihara, Taniguchi).

SCRep. 2112 Education on S.B. No. 2482

The purpose of this measure is to extend the lapse date of the funds provided for the planning, design, and construction of a modern laboratory and office complex on Coconut Island for the University of Hawaii Institute of Marine Biology.

Testimony in support of this measure was submitted by the University of Hawaii System. Comments on the measure were also submitted by the Department of Budget and Finance.

Your Committee finds that the Hawaii Institute of Marine Biology (HIMB) is a research institute of the School of Ocean and Earth Science Technology at the University of Hawaii at Manoa. The HIMB represents a world-renowned research institute situated on Coconut Island in Kaneohe Bay. Funding to support the planning, design, and construction of a modern laboratory and office complex for the HIMB on Coconut Island was provided by the Legislature pursuant to Act 160, Session Laws of Hawaii 2006. Unencumbered portions of these funds are scheduled to lapse on June 30, 2008; however, an extension for using these funds is necessary. This measure extends the lapsing date for unencumbered funds appropriated by the Legislature in 2006 for the HIMB to June 30, 2010. Your Committee believes that continued support for the HIMB is necessary to ensure sustained research opportunities that benefit marine life and ecosystems.

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

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. 2482, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2482, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 3 (Chun Oakland, Nishihara, Taniguchi).

SCRep. 2113 Education on S.B. No. 2675

The purpose of this measure is to authorize the transfer of all University of Hawaii funds, with the exception of general funds, into the University of Hawaii Commercial Enterprises Revolving Fund for the establishment of new enterprises.

Testimony in support of the measure was submitted by the University of Hawaii System.

Your Committee finds that, pursuant to Act 193, Session Laws of Hawaii 2001, the University of Hawaii was authorized to transfer all funds at its disposal, except general funds, into the University of Hawaii Commercial Enterprises Revolving Fund. This authority has resulted in the University's ability to initiate successful endeavors, including the University of Hawaii Rainbowtigue outlet that generates revenues through the sale of licensed university merchandise. However, under Act 193, this authority was revoked on June 30, 2004. This measure reinstates the University's authority to cull moneys under its control for establishing new commercial enterprises. Your Committee is concerned that tuition funds, the use of which is often not readily associated with known or directly-related expenditures, be removed as a source of funding for the commercial enterprises revolving fund. This measure, as amended, will still provide greater flexibility to the University to engage in activities that will generate additional revenues for the common benefit of the entire system.

Accordingly, your Committee has amended this measure by specifying that the University of Hawaii has the authority to transfer all funds at its disposal, except general funds and tuition funds, into the University of Hawaii Commercial Enterprises Revolving Fund for the establishment of new enterprises.

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. 2675, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2675, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 3 (Chun Oakland, Nishihara, Taniguchi).

SCRep. 2114 Education on S.B. No. 2676

The purpose of this measure is to authorize and fund sixteen additional positions at the University of Hawaii, West Oahu campus for teacher education.

Testimony in support of this measure was submitted by the University of Hawaii West Oahu.

Your Committee finds that the State continues to experience a teacher shortage problem in the public schools. Efforts to grow a local teacher workforce will help to alleviate the teacher shortage, while providing our public schools with quality teachers. In order to cultivate a larger, qualified teacher workforce, our public postsecondary institutions must be adequately staffed. This measure appropriates funds for the establishment of sixteen additional positions at the University of Hawaii West Oahu to help prepare middle-level and secondary teachers, particular in the core subject areas of science, English, mathematics, and social studies. Your Committee believes that providing additional support to the University of Hawaii West Oahu will help to prepare much-needed highly qualified middle-level and secondary teachers to teach in our public schools.

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. 2676 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 3 (Chun Oakland, Nishihara, Taniguchi).

SCRep. 2115 Education on S.B. No. 2677

The purpose of this measure is to limit the duty of the University of Hawaii to preaudit all proposed payments to those that amount to \$10,000 or more.

Testimony in support of the measure was submitted by the University of Hawaii.

Your Committee finds that the University of Hawaii is currently required to preaudit all proposed payments to determine the propriety of expenditures and compliance with applicable laws, executive orders, and rules as may be in effect. Contrarily, the Department of Accounting and General Services is not so required, but must preaudit payments of \$10,000 or more. This measure limits the University of Hawaii's duty to preaudit payments to those for \$10,000 or more. Your Committee believes that the time and resources necessary for the University of Hawaii to fulfill its current duty is unduly taxing on the system and that this change will allow the University to more efficiently and effectively utilize its resources to focus on preaudits that may require increased examination.

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. 2677 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Ayes with Reservations, 1 (Slom). Noes, none. Excused, 3 (Chun Oakland, Nishihara, Taniguchi).

SCRep. 2116 Education on S.B. No. 2699

The purpose of this measure is to appropriate funds for the Hawaii 3R's to expedite repair and maintenance in the public schools.

Testimony in support of the measure was submitted by the Department of Education, the Hawaii State Teachers Association, the Hawaii Business Roundtable, Hawaii 3R's, The Chamber of Commerce of Hawaii, and Kanu o ka 'Āina Learning 'Ōhana.

Your Committee finds that the enormous backlog of repair and maintenance projects of the Department of Education has been well documented. Since 2001, Hawaii 3R's has worked tirelessly to assist the State in providing necessary repair and maintenance work that has saved the taxpayers millions of dollars while providing safe, nurturing learning environments for our keiki. In 2003, the Legislature, pursuant to Act 214, Session Laws of Hawaii 2003, established the Hawaii 3R's School Repair and Maintenance Fund to fund grants to organizations or contracts with private vendors for the repair and maintenance of public schools. Your Committee is pleased with the work Hawaii 3R's has completed and the community support that Hawaii 3R's has garnered in carrying out its mission.

Hawaii 3R's is currently embarking on a new partnership with The Chamber of Commerce of Hawaii to expand the resources available to Hawaii 3R's through the Chamber's business membership. This measure appropriates funds to support this new endeavor, which will expand Hawaii 3R's ability to successfully contribute to the improved condition of our public schools.

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. 2699 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 3 (Chun Oakland, Nishihara, Taniguchi).

SCRep. 2117 Education on S.B. No. 2700

The purpose of this measure is to appropriate funds for mental health and campus security services within the University of Hawaii System.

Testimony in support of the measure was submitted by the University of Hawaii System.

Your Committee finds that in the wake of the tragic events that occurred at Virginia Polytechnic and State University in April, 2007, careful consideration must be given to ensuring the safety of and provision of adequate mental health services for students in the University of Hawaii System. While the academic services and support of our students is a major priority of the University of Hawaii, the provision of emotional and psychological support for the growing number of students suffering from psychological or mental conditions is a necessary component for providing a quality education and producing stable, contributing members of our communities. This measure appropriates funds to campuses throughout the University of Hawaii System for additional mental health services professionals and staff and prophylactic measures and support services for campus safety. Your Committee believes that this appropriation is an important step towards protecting and caring for our students and residents.

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. 2700 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 3 (Chun Oakland, Nishihara, Taniguchi).

SCRep. 2118 Human Services and Public Housing on S.B. No. 2830

The purpose of this measure is to effectuate recommendations of the joint legislative committee on family caregiving.

Specifically, this measure:

- (1) Extends the Joint Legislative Committee on Family Caregiving;
- (2) Changes the name of the committee to the Joint Legislative Committee on Aging in Place;
- (3) Expands the committee mandate to include aging in place issues related to family caregiving;
- (4) Requires the Aging and Disability Resource Center to report to the aging in place committee;
- (5) Requires the aging in place committee to conduct a cash and counseling project;
- (6) Appropriates funds to the committee;
- (7) Allows the Kupuna Care Program to include overnight, weekend, and emergency respite services and provide grants to caregivers for home modification; and
- (8) Appropriates funds to the Kupuna Care Program.

As this measure was identical to S.B. No. 2042, which was heard by your Committee on January 24, 2008, no testimony was taken on this measure.

Testimony in support of S.B. No. 2042 was received from the Executive Office on Aging, the Office of Hawaiian Affairs (Na Tutu Coalition), State Council on Developmental Disabilities, Policy Advisory Board for Elder Affairs, City and County of Honolulu Department of Community Services, Elderly Affairs Division, Catholic Charities Hawai'i, Project Dana, Hawai'i Alliance for Retired Americans, Hawaii Chapter – American Physical Therapy Association, Kokua Council, AARP, ILWU Local 142, Hawaii Aging Advocates Coalition, Maui County Executive on Aging, and four private citizens. The Maui County Council on Aging requested amendments. The National Federation of Independent Businesses submitted comments. The Attorney General submitted testimony stating that the measure violates the separation of powers doctrine and is therefore unconstitutional.

Your Committee finds that certain issues related to caregiving and aging in place are critical to the welfare of the aging and their caregivers and families, and therefore must be addressed by the State. As such, your Committee has responded to this need with an omnibus measure that deals with a variety of concerns raised in the elder community relating to caregiving, the Kupuna Care Program, grandparents raising grandchildren, and respite care.

Your Committee notes that a comment made by the Maui County Council on Aging to S.B. No. 2042 requested that the phrase, "including the use of home health technologies" be added to the last sentence of the measure. As it was unclear exactly where this proposed amendment should be placed, it was not adopted by the Committee into this measure. However, your Committee wishes to indicate that kupuna care services could incorporate the use of home health technologies.

Your Committee has amended this measure by:

- (1) Incorporating the contents of S.B. No. 2045, relating to grandparents raising grandchildren, and S.B. No. 2048, relating to the respite inventory project of the University of Hawaii, into this measure;
- (2) Addressing the comments made by Catholic Charities Hawaii on S.B. No. 2042 by specifying that any moneys appropriated to the Kupuna Care Program would fund existing operations and services as well as the new services authorized by the measure;
- (3) Incorporating the comments made by the Executive Office on Aging on S.B. No. 2042, by removing an inaccuracy in the description of the Kupuna Care Program, changing the word "donations" to "contributions," eliminating a redundant reference to state units on aging as designing statewide programs, amending the appropriation to specify that the moneys are specifically for expansion of the kupuna care program, and adding a new appropriation specifically to address the kupuna care program waitlist;
- (4) Addressing a concern raised by the Department of the Attorney General to S.B. No. 2042 that having the Joint Legislative Committee on Aging in Place conduct a cash and counseling program would raise constitutional separation of powers issues by requiring the aging in place committee to design a cash and counseling project, rather than conduct the program;
- (5) Addressing comments made by Na Tutu Coalition on S.B. No. 2042 by adding two additional members of the grandparents raising grandchildren task force to include a member of Partners in Development, and an individual who is a grandparent; and
- (6) 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 Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2830, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2830, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Hooser, Sakamoto).

SCRep. 2119 Human Services and Public Housing on S.B. No. 2347

The purpose of this measure is to make an appropriation to support certain senior centers on Oahu.

Testimony in support of this measure was submitted by the Department of Human Services, Catholic Charities Hawaii, the Moiliili Community Center, the Waikiki Community Center, and over one hundred private citizens. Oral testimony consisting of comments on the measure was given by the Department of the Attorney General.

Your Committee finds that senior center programs play an important role in our communities in assisting seniors to maintain their social, mental, and physical health. As such, their efforts should be supported.

Your Committee has amended this measure by:

- (1) Incorporating the comments of Catholic Charities Hawaii by amending the expending agency to the Department of Health, and by detailing specific allocation amounts to each of the four senior centers;
- (2) Incorporating the comments of the Department of the Attorney General highlighting the importance of referencing correctly the legal names of the organizations receiving the funding; and
- (3) 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 Human Services and Public Housing 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 referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Hooser, Sakamoto).

SCRep. 2120 Health on S.B. No. 2768

The purpose of this measure is to provide for the improvement of Maui Memorial Medical Center, a facility located in the Maui region of the Hawaii Health Systems Corporation.

Specifically, this measure authorizes the issuance of revenue bonds in the amount of \$150,000,000 for the construction of a new heart, brain, and spine center on Maui and purchasing of new and replacement equipment for the center.

Your Committee received testimony in support of this measure from Maui Memorial Medical Center and the Healthcare Association of Hawaii. Your Committee received testimony in opposition to this measure from the Department of Budget and Finance.

Your Committee finds that this measure will provide much needed assistance to the Maui region of the Hawaii Health Systems Corporation in constructing a new heart, brain, and spine center without any cost or liability for the State, thereby improving access to this kind of specialized care to the residents of Maui.

Your Committee adopted the recommendations of the Department of Budget and Finance and amended this measure by:

- (1) Removing the Department of Budget and Finance as the issuer of the revenue bonds and replacing it with the Maui Health Care Regional System Board of the Hawaii Health Systems Corporation;
- (2) Authorizing the Maui Health Care Regional System Board to issue \$150,000,000 of revenue bonds, as opposed to the \$100,000,000 currently authorized in section 323F-7(c), Hawaii Revised Statutes;
- (3) Including language clarifying that the authorization of the issuance of revenue bonds is pursuant to part III, chapter 39, Hawaii Revised Statutes;
- (4) Including language that authorizes the Maui Health Care Regional System Board of the Hawaii Health Systems Corporation to issue refunding revenue bonds for the purpose of refunding, redeeming, or retiring any revenue bonds outstanding and issued under this measure;
- (5) Including an appropriation provision to effectuate the purpose of the measure; and
- (6) Making technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2768, as amended herein, and recommends 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 Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Menor, Whalen).

SCRep. 2121 Health on S.B. No. 3083

The purpose of this measure is to ensure that the Hawaii Health Systems Corporation can pay for the operation and provision of current levels of service at its facilities.

Specifically, this measure makes an emergency appropriation in the amount of \$14,000,000 to be used by the Hawaii Health Systems Corporation to pay accounts payable within forty-five days from the date of the invoice for Hawaii Health Systems Corporation's facilities.

Your Committee received testimony in support of this measure from the Hawaii Health Systems Corporation, Maui Memorial Medical Center, and the United Public Workers/AFSCME, Local 646.

Your Committee finds that the Hawaii Health Systems Corporation is in a financial crisis and unable to pay many of its vendors within a reasonable time frame. Your Committee further finds that this emergency appropriation is necessary to ensure the protection of public health and the provision of essential health care services.

Your Committee amended this measure by including a conditional appropriation to account for the operating loan currently being negotiated by Maui Memorial Medical Center. Your Committee finds that the likelihood of the loan closing prior to the enactment of this measure is great, thereby satisfying the condition of the appropriation. However, if the loan does not close prior to enactment, the total amount of the appropriation increases to \$25,000,000 from the original requested amount of \$14,000,000 for the additional expenditure by Hawaii Health Systems Corporation for accounts payable for Maui Memorial Medical Center.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3083, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3083, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Menor, Whalen).

SCRep. 2122 Intergovernmental and Military Affairs on S.B. No. 788

The purpose of this measure is to make an appropriation for the state civil defense major disaster fund.

Your Committee received testimony in support of this measure from the State Department of Defense.

Your Committee finds that Hawaii is vulnerable to a tsunami or hurricane disaster and recognizes the importance of remaining vigilant in protecting its residents and guests from these disasters. In view of lessons learned from the 2004 tsunami in Southeast Asia and Hurricane Katrina in Florida in 2005, and because these natural disasters pose a great potential to cause vast devastation to Hawaii, the Legislature deems it vitally important to ensure that the State is adequately prepared to deal with these disasters. While state and private agencies have made great strides in becoming capable of responding to a tsunami or hurricane disaster, more resources are needed to upgrade and decrease coverage gaps in the existing warning systems.

Your Committee has amended this measure by:

- (1) Adding an appropriation for state civil defense for emergency supply caches and the state civil defense emergency supply program; and
- (2) Extending to June 30, 2009, the sunset of Act 118, Session Laws of Hawaii 2006, which makes appropriations for emergency relief for natural disasters.

As affirmed by the record of votes of the members of your Committee on Intergovernmental and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 788, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 788, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, none.

SCRep. 2123 Intergovernmental and Military Affairs on S.B. No. 3034

The purpose of this Act is to clarify that compensation received by certain private entities for the use of their facilities as a private shelter in the case of a civil defense emergency involving an attack is not considered compensation for the purposes of section 128-19, Hawaii Revised Statutes.

Your Committee received testimony in support of this measure from the State Department of Defense and the Department of Human Services.

This measure extends immunity from liability for private shelters to transient accommodation lodgings, care homes, and schools if those facilities are used voluntarily and without compensation for use to shelter persons during an attack.

Your Committee finds that this measure greatly expands the eligible pool of shelters in case of a civil defense emergency involving an attack.

Your Committee has amended this measure on the recommendation of the State Attorney General by:

- (1) Inserting a new definition of "state licensed health care setting or agency" for the purpose of describing the covered facilities;
- (2) Expanding the type of schools to be used as covered facilities;
- (3) Changing the effective date to upon approval; and
- (4) Making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Intergovernmental and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3034, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3034, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, none.

SCRep. 2124 Intergovernmental and Military Affairs on S.B. No. 2984

The purpose of this measure is to clarify the law on disaster relief and rehabilitation to:

- (1) Allow commercial loans and residential loans for remediation and other measures intended to prevent damage to property from subsequent disasters;
- (2) Place a time limit on the period in which applications for loans may be submitted;
- (3) Change the simple interest rate from five per cent a year to one per cent below the then current applicable rate set by the Small Business Administration Disaster Loan Program; and
- (4) Delete reference to the authority of the Director of Business, Economic Development, and Tourism to transfer funds from the state disaster revolving loan fund to either the Hawaii capital loan revolving fund or the Hawaii innovation development fund.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism and the State Department of Defense.

The disaster loan program provides loans for the rehabilitation of businesses and individuals as nearly as possible to pre-disaster level. However, your Committee finds that the State's disaster loan program should also provide loans to remediate damages to real property from future occurrence.

Your Committee has amended this measure on the recommendation of the Department of Business, Economic Development, and Tourism by:

- (1) Authorizing loans for remediation and mitigation;
- (2) Requiring the Director of Business, Economic Development, and Tourism to allow for flexibility in the loan application deadline; and
- (3) Making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Intergovernmental and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2984, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2984, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, none.

SCRep. 2125 Intergovernmental and Military Affairs on S.B. No. 2720

The purpose of this measure is to:

- (1) Establish two full-time equivalency positions to enable the State Fire Council to more effectively meet its responsibilities; and
- (2) Identify the budget of the Department of Labor and Industrial Relations as the funding source for the foregoing positions and the meetings and other related functions of the Council.

Your Committee received testimony in support of this measure from the State Fire Council and one individual.

Your Committee finds that the State Fire Council has sufficient administrative duties to warrant a full-time paid staff to assist the four county fire chiefs in administering the fire codes, building codes, and conducting inspections. Currently, there is one contract worker to perform the function of administrator. This measure establishes the positions of administrator and assistant administrator.

Your Committee has amended this measure by inserting the language proposing the establishment of the positions in a section of existing law rather than creating a new section and by making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Intergovernmental and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2720, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2720, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, none.

SCRep. 2126 Intergovernmental and Military Affairs on S.B. No. 2299

The purpose of this measure is to require each of the counties to participate in the community rating system for purposes of the National Flood Insurance Program.

Your Committee received testimony in support of this measure from the State Department of Defense and Property Casualty Insurers Association of America.

Your Committee finds that the community rating system of the National Flood Insurance Program, administered by the Federal Emergency Management Agency, is a voluntary incentive program. The goals of the community rating system are to reduce flood losses, facilitate accurate insurance rating, and promote awareness of flood insurance. Participation in the community rating system may result in discounts in flood insurance premiums of up to forty-five per cent; presently, however, only the County of Maui is participating in the system.

As affirmed by the record of votes of the members of your Committee on Intergovernmental and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2299 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, none.

SCRep. 2127 Intergovernmental and Military Affairs on S.B. No. 2184

The purpose of this measure is to clarify the counties' authority to enact fireworks ordinances or adopt rules regulating fireworks.

Your Committee received testimony in support of this measure from the State Fire Council; Hawaii County Mayor; Hawaii County Fire Department; and Hawaii Fire Fighters Association. Testimony in opposition was received from the Legislative Information Services of Hawaii.

Existing law prohibits the counties from enacting fireworks ordinances or adopting rules regulating fireworks that are inconsistent with or more restrictive than the requirements of state law. This measure allows the counties to enact ordinances regulating fireworks and articles pyrotechnic that are more restrictive than state law.

The intent of this measure is to provide individual counties with the authority to assess the impact of fireworks in their respective county and to adopt laws appropriate to their needs.

As affirmed by the record of votes of the members of your Committee on Intergovernmental and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2184 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 3. Ayes with Reservations, 1 (Tsutsui). Noes, none. Excused, none.

SCRep. 2128 Intergovernmental and Military Affairs on S.B. No. 2724

The purpose of this measure is to make an appropriation for a consultant to conduct a feasibility study for a Hawaii state public safety and emergency response training facility.

Your Committee received testimony in support of this measure from the State Department of Defense, Department of Public Safety, and the State Fire Council.

This measure will help ensure that state fire fighters, law enforcement officers, including county police, corrections officers, and Department of Land and Natural Resources' Division of Conservation and Resources enforcement officers, and other emergency first-responders are fully prepared to respond to natural and manmade disasters, including acts of terrorism by providing the means of which an appropriate multi-agency training facility will be designed, established, and operated.

As affirmed by the record of votes of the members of your Committee on Intergovernmental and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2724 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, none.

SCRep. 2129 Intergovernmental and Military Affairs on S.B. No. 2912

The purpose of this Act is to appropriate funds to the County of Maui for the costs of recovery and damage mitigation necessary as a result of the winter storms of December 2007.

Your Committee received testimony in support of this measure from the State Department of Defense and the Chair of the Maui County Council.

In December 2007, winds in the fifty to seventy-plus mile per hour range and heavy flooding and rainfall struck the Hawaiian Islands, causing extensive property damage, downed power poles, land and mudslides, thunderstorms, and waterspouts.

On Maui, official rainfall totals reached the one hundred year event level in some areas and Maui county sustained estimated damages in excess of \$1,200,000 from the storms. County, state, and federal officials conducted a preliminary damage assessment following the storms, and officials reached an initial assessment of twenty-nine homes or businesses classified as major or destroyed, and another sixty-five classified as sustaining minor damage.

While state and county officials continue to reach out to residents and businesses that have suffered losses, more resources will be needed to complete the recovery process.

As affirmed by the record of votes of the members of your Committee on Intergovernmental and Military 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 Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, none.

SCRep. 2130 Intergovernmental and Military Affairs on S.B. No. 2180

The purpose of this measure is to enable the County of Hawaii to recover from the October 2006 earthquake through maximizing available federal reimbursements.

Your Committee received testimony in support of this measure from the State Department of Defense, Mayor of Hawaii County, and the Hawaii County Department of Water Supply.

The earthquake of October 2006 caused great damage in the County of Hawaii. Although the Legislature authorized an emergency appropriation in 2007, the County of Hawaii still requires additional state assistance to enable it to receive matching federal funds.

As affirmed by the record of votes of the members of your Committee on Intergovernmental and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2180 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, none.

SCRep. 2131 (Majority) Intergovernmental and Military Affairs on S.B. No. 2022

The purpose of this measure is to appropriate funds as a grant-in-aid to the City and County of Honolulu for expenditures for the design and construction of a sidewalk on the north side of Waipahu Street from Waipahu Depot Road to Awamoi Street and from Amokii Street to Waikele Road.

Your Committee received testimony in support of this measure from the Honolulu Department of Design and Construction.

Pedestrian safety is important to the health and well-being of the community. The north side of Waipahu Street, specifically from Waipahu Depot Road to Awamoi Street and from Amokii Street to Waikele Road on Oahu, is heavily used by children, adults, and motor vehicles. However, a significant hazard exists for pedestrians because in this area there are no sidewalks; and where sidewalks do exist, they are broken, unsafe, and in desperate need of repair.

As affirmed by the record of votes of the members of your Committee on Intergovernmental and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2022 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 2. Noes, 1 (Hemmings). Excused, none.

SCRep. 2132 Intergovernmental and Military Affairs on S.B. No. 2176

The purpose of this measure is to authorize the issuance of general obligation bonds and make an appropriation for a ball field and recreational facility light system retro-fit, habitat conservation plan, and Wailua wastewater treatment plant upgrades for the County of Kauai.

Your Committee received testimony in support of this measure from the Kauai County Mayor and Kauai County Wastewater Department.

Your Committee heard testimony from the County of Kauai to justify this request for general obligation bonds to help the county meet its public facilities upkeep and maintenance. The projects contained in this measure arise in part from state obligations imposed upon the county and by related state projects affecting the county.

As affirmed by the record of votes of the members of your Committee on Intergovernmental and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2176 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, none.

SCRep. 2133 Transportation and International Affairs on S.B. No. 2366

The purpose of this measure is to prohibit texting using an electronic wireless communication device while driving.

Testimony in support of this measure was received from General Motors and one individual. The Honolulu Police Department submitted testimony in opposition.

Your Committee finds that texting while driving is increasing on Hawai'i roads and highways, creating unsafe driving conditions and contributing to traffic slow downs and accidents.

Your Committee understands the concerns of the Honolulu Police Department regarding enforcement of this measure, but supports efforts to decrease driver distractions.

Your Committee has amended this measure to add three exemptions:

- (1) Sending or receiving emergency alert messages;
- (2) Messages related to the operation of a motor vehicle or an accessory component thereof; or
- (3) Any global positioning or navigation system that is permanently affixed to the motor vehicle.

As affirmed by the record of votes of the members of your Committee on Transportation and International Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2366, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2366, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 2 (Hooser, Tsutsui).

SCRep. 2134 (Majority) Agriculture and Hawaiian Affairs on S.B. No. 2641

The purpose of this measure is to establish a five-year moratorium on the development of agricultural lands located in the State for which general planning has not commenced.

Testimony in support of this measure was submitted by HPC Foods, Ltd., the Office of Hawaiian Affairs, Hawaii's Thousand Friends, and one individual.

Testimony in opposition of this measure was submitted by the Office of Planning of the Department of Business, Economic Development and Tourism, the City and County of Honolulu Department of Planning and Permitting, Hawaii Association of Realtors, Maui Contractors Association, Land Use Research Foundation of Hawaii, and two individuals.

The following entities expressed concerns with the measure as drafted: the Department of Agriculture and the Hawaii Farm Bureau Federation. Specifically, the Department of Agriculture expressed concern that the measure could stop legitimate projects caught in the moratorium. The Hawaii Farm Bureau Federation expressed concern that an unintended consequence of the measure would be that lenders could view the moratorium as "downsizing" the values of agricultural land which would result in increased difficulty for farmers and ranchers to qualify for loans.

Your Committee has amended this measure by changing its effective date to June 1, 2050, for purposes of facilitating further legislative consideration. Your Committee also considered amending the measure to limit the moratorium to agricultural lands on Oahu but believes this issue warrants further consideration and discussion by the Legislature.

As affirmed by the record of votes of the members of your Committee on Agriculture and Hawaiian Affairs 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 Water and Land.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, 1 (Slom). Excused, 1 (Hee).

SCRep. 2135 (Joint) Energy and Environment and Education on S.B. No. 2848

The purpose of this measure is to appropriate funds to the Auditor to contract with the University of Hawaii for a study of how to modernize Hawaii's environmental review system.

Specifically, this measure provides funds to contract with the University of Hawaii to conduct a study on the State's environmental review process in order to:

- (1) Examine the effectiveness of the current environmental review system created by chapters 341, 343, and 344, Hawaii Revised Statutes;
- (2) Assess the unique environmental, economic, social, and cultural issues in Hawaii that should be incorporated into an environmental review system;
- (3) Address larger concerns and interests related to sustainable development, global environmental change, and disaster risk reduction; and
- (4) Develop a strategy, including legislative recommendations, for modernizing Hawaii's environmental review system so that it meets international and national best practices standards.

Testimony in support of this measure was submitted by The Chamber of Commerce of Hawaii; the Office of Hawaiian Affairs; The Nature Conservancy of Hawaii; the Conservation Council for Hawaii; the Sierra Club; and two private citizens. Comments were submitted by the Office of Environmental Quality Control.

Your Committees find that it is vital to ensure that Hawaii has an environmental review system appropriate for the State in the 21st century, which is effective, efficient, and equitable. Therefore, there is urgent need for an independent study, in collaboration with representative stakeholders, to inform the public, agencies, applicants, and the Legislature about how best to modernize Hawaii's environmental review system.

Your Committees further find that the Legislative Reference Bureau, more so than the Auditor, contains the expertise to execute the contract. In addition, due to the content of the study, your Committees find it necessary to increase the frequency of reporting and to solicit interim recommendations.

The Chamber of Commerce of Hawaii has suggested to your Committees that environmental laws and ordinances of other states and municipalities may provide a greater context for the review.

Accordingly, your Committees have amended this measure by:

- (1) Assigning the administration of the contract with the University of Hawaii to the Legislative Reference Bureau;
- (2) Requiring the study to contain a review of the environmental laws and ordinances of other states and municipalities to provide a greater context for the review of Hawaii's environmental review system; and
- (3) Requiring the University of Hawaii to submit progress reports with interim recommendations to the Legislature every three months.

As affirmed by the records of votes of the members of your Committees on Energy and Environment and Education that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2848, as amended herein, and recommend 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 Chairs on behalf of the Committees. Ayes, 9. Noes, none. Excused, 4 (Hee, Ihara, Kokubun, Nishihara).

SCRep. 2136 (Joint) Energy and Environment and Education on S.B. No. 2356

The purpose of this measure is to appropriate funds for energy conservation and renewable energy measures that are part of the Sustainable Saunders Project at the University of Hawaii at Manoa.

Specifically, this measure appropriates funding for the University of Hawaii to finance energy conservation and renewable energy matters at Saunders Hall at the University of Hawaii in order to reduce or offset the building's energy load by an estimated thirty-nine per cent and make Saunders Hall a model of sustainability on campus and for the State.

Testimony in support of this measure was submitted by the Hawaii Energy Policy Forum and the student team working on the Sustainable Saunders Hall project at the University of Hawaii at Manoa.

Your Committees find that supporting efficient and sustainable energy initiatives supports the conservation efforts of the Legislature and the University of Hawaii administration in demonstrating how existing buildings can gain the benefit of energy, cost, and greenhouse gas reduction and improved campus facilities as a result of collaborative work between the government and private sector. Your Committees applaud the work and commitment of the students who are inspiring and uniting the community toward positive, productive changes through the Saunders project.

As affirmed by the records of votes of the members of your Committees on Energy and Environment and Education that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2356 and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 9. Noes, none. Excused, 4 (Hee, Ihara, Kokubun, Nishihara).

SCRep. 2137 (Joint) Commerce, Consumer Protection and Affordable Housing and Human Services and Public Housing on S.B. No. 3174

The purpose of this measure is to assist in addressing the problems of and provide further opportunities in affordable housing in the State.

Specifically, this measure:

- (1) Extends the sunset date for the allocation of the conveyance tax under section 247-7, Hawaii Revised Statutes, to the rental housing trust fund established under section 201H-202, Hawaii Revised Statutes, for five more years;
- (2) Authorizes general obligation bonds in the sum of \$30,000,000, the revenues from which are to be paid into the dwelling unit revolving fund for the Hawaii Housing Finance Development Corporation to use for housing development; and
- (3) Appropriates the sum of \$500,000 to the Hawaii Housing Finance and Development Corporation to use to assist developers in contracting for third party review and certification to expedite the processing and issuance of building permits for affordable housing projects.

Testimony in support of this measure was submitted by the Hawaii Housing Finance and Development Corporation; the Department of Taxation; the Department of Community Services, City and County of Honolulu; the Hawaii Association of Realtors; and the Hawaii Habitat for Humanity Association.

The lack of affordable housing is a crisis that continues to be a significant and challenging social problem in the State as the costs of home ownership and rentals are increasing. The prospect of making high mortgage payments and saving enough money for the down payment and closing costs needed to buy a home at current market prices is a formidable challenge for many families in the State. Your Committees find that providing additional funds, including extending the allocation of the conveyance tax into the rental housing trust fund, will aid in addressing the lack of affordable housing in the State.

Your Committees note that this measure and S.B. No. 2225, as amended, are similar in purpose and content, and have amended both measures to separately focus on affordable housing and public housing. Thus, your Committees have amended this measure by:

- (1) Adding language that authorizes general obligation bonds in the sum of \$25,000,000 to be paid into the rental housing trust fund and appropriated from the rental housing trust fund for the Hawaii Housing Finance and Development Corporation to use for the planning, development, and construction of affordable housing in cooperation with private and nonprofit developers; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committees believe that appropriating funds to various affordable housing programs and initiatives fulfills the intent of this measure, which is to assist in addressing the problems of and provide further opportunities in affordable housing in the State.

As affirmed by the records of votes of the members of your Committees on Commerce, Consumer Protection, and Affordable Housing and Human Services and Public Housing that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3174, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3174, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 8. Noes, none. Excused, 2 (Hooser, Ihara).

SCRep. 2138 Commerce, Consumer Protection and Affordable Housing on S.B. No. 2239

The purpose of this measure is to protect the health and safety of young children by prohibiting the manufacturing, sale, and distribution of toys containing phthalates.

Specifically, this measure:

- (1) Prohibits the manufacturing, sale, or distribution of certain toys and child care articles containing bisphenol-A or specific types of phthalates in concentrations exceeding 0.1 per cent beginning January 1, 2009; and
- (2) Requires manufacturers to use least toxic alternatives when replacing bisphenol-A or phthalates in the manufacturing of their toys and child care articles.

Testimony in opposition to this measure was submitted by the Hawaii Restaurant Association, the American Chemistry Council, the Phthalate Esters Panel of the American Chemistry Council, and one private individual.

Phthalates is a class of chemicals that are used in polyvinyl chloride plastics to improve flexibility, in cosmetics to bind fragrance to the product, and in products intended for use by infants and young children, including teething toys, and soft plastic books. Scientific studies indicate that phthalates can adversely affect hormones in the human body and that due to the popularity of using phthalates in products, everyone carries some level of phthalates in their body, usually via oral exposure to the chemical containing product. Your Committee finds that young children are especially susceptible to being exposed to phthalates as many toys and child care articles, such as teething rings and soft plastic books, contain phthalates. Prohibiting the manufacturing, sale, or distribution of toys and child care articles containing certain phthalates and intended for use by young children will limit phthalates exposure and its associated adverse effects.

As indicated by the Hawaii Restaurant Association, your Committee recognizes the short implementation timeframe granted in this measure. Additional time is needed so that persons and entities have an ample opportunity to become aware of, comply with, and seek alternatives to implement this measure.

Accordingly, your Committee has amended this measure by:

- (1) Changing the effective date of this measure from January 1, 2009 to January 1, 2012; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee believes that prohibiting the manufacturing, sale, and distribution of toys containing phthalates fulfills the intent of this measure, which is to protect the health and safety of young children.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2239, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2239, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 3 (Ige, Sakamoto, Taniguchi).

SCRep. 2139 (Joint) Education and Judiciary and Labor on S.B. No. 2680

The purpose of this measure is to provide for workers' compensation coverage for students participating in school-approved work-based learning programs sponsored by the Department of Education or the University of Hawaii.

Testimony in support of the measure was submitted by the Department of Labor and Industrial Relations and the Department of Education. Comments on the measure were also submitted by the ILWU Local 142.

Your Committees find that under the current law, students who participate in work-study programs sponsored by the Department of Education or the University of Hawaii are provided workers' compensation coverage if the work is performed for private employers. However, the law does not cover similar students who provide work for the University of Hawaii, the Department of Education, or any other public entity. This measure extends workers' compensation coverage to students participating in work-study programs for both private and public employers and will help to protect our students while providing them with the greatest number of opportunities to prepare themselves for entering the workforce.

As affirmed by the records of votes of the members of your Committees on Education and Judiciary and Labor that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2680 and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 6. Noes, none. Excused, 3 (Hee, Nishihara, Tokuda).

SCRep. 2140 (Joint) Education and Economic Development and Taxation on S.B. No. 2679

The purpose of this measure is to appropriate funds for information technology projects of the Department of Education.

Testimony in support of the measure was submitted by the Department of Education.

Specifically, this measure provides funding for:

- (1) Regional support centers;
- (2) Online learning within the Office of Curriculum, Instruction, and Student Support;
- (3) Computers for classroom teachers;
- (4) Centralized service desk software;
- (5) Contracted personal computer or Macintosh "platform" support;
- (6) Pilot implementation and evaluation of Thin-clients;
- (7) Enhanced collaboration software and training course authoring tools; and
- (8) Increasing the rate of upgrading school telecommunications infrastructure.

Your Committees find that, in all aspects, society today is and continues to become increasingly dependent upon technology. As technology continues to play a greater role in the workplace, the introduction and utilization of technology must begin in our public schools and within the Department of Education. This measure appropriates funds to support and enhance technology resources within the Department of Education. Your Committees believe that these appropriations provide necessary technology infrastructure improvements to equip the Department to provide updated instructional, support, and educational services for our public schools.

As affirmed by the records of votes of the members of your Committees on Education and Economic Development and Taxation that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2679 and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 9. Noes, none. Excused, 4 (Baker, English, Hee, Nishihara).

SCRep. 2141 Education on S.B. No. 2671

The purpose of this measure is to improve the two-tier junior kindergarten and kindergarten program within the Department of Education by providing appropriate curriculum and faculty for each tier.

Specifically, this measure:

- (1) Prohibits the movement of junior kindergarten and kindergarten students between tiers, except under certain circumstances;
- (2) Prohibits a junior kindergartener from directly graduating to first grade;

- (3) Ensures that a separate curriculum is established for the junior kindergarten program;
- (4) Requires the Department of Education to staff junior kindergartens with qualified preschool teachers and preschool teacher aides;
- (5) Requires the Hawaii Teacher Standards Board to develop standards for teachers and teacher aides assigned to junior kindergarten classrooms; and
- (6) Appropriates funds for the implementation of a junior kindergarten program that achieves a 10:1 student to teacher ratio.

Testimony in support of the measure was submitted by the Hawaii State Teachers Association. Testimony in opposition of this measure was submitted by the Department of Education and Good Beginnings Alliance.

Your Committee finds that pursuant to Act 219, Session Laws of Hawaii 2004, a two-tier junior kindergarten and kindergarten program was established within the Department of Education. Act 219, provided for the development of a program that maintained separate curriculum appropriate for each tier and was flexible enough to allow for movement between tiers. However, a separate curriculum has not been clearly established for junior kindergarten, and movement between tiers and between junior kindergarten and first grade is extremely fluid and without determinative criteria. Your Committee determines that a clear separation between the junior kindergarten and kindergarten tiers must be established, through the development of separate curricula for each tier and the provision of adequate funding and requirements for teaching and support staff for junior kindergartens.

Upon further review of the measure and the testimony provided, your Committee believes that the current determination on when to allow movement between tiers may be too subjective, although movement under some conditions should still be appropriate. Instead, transition between grades should be determined through developmentally appropriate assessments.

Accordingly, your Committee has amended this measure by:

- (1) Deleting the provision that prohibits the movement of junior kindergarten and kindergarten students between tiers, except under certain circumstances;
- (2) Deleting the provision that prohibits a junior kindergartener from directly graduating to first grade;
- (3) Requiring the development and implementation of developmentally appropriate assessments for junior kindergarten and kindergarten students;
- (4) Clarifying that the Department of Education is required to develop as well as incorporate the Hawaii preschool content standards for four-year olds;
- (5) Clarifying the necessary qualifications for junior kindergarten teachers and preschool teacher aides;
- (6) Removing the appropriation for a permanent educational specialist position; and
- (7) 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 S.B. No. 2671, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2671, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, 2 (Hee, Taniguchi).

SCRep. 2142 (Joint) Education and Judiciary and Labor on S.B. No. 2652

The purpose of this measure is to provide for periodic wage adjustments for substitute teachers of the Department of Education that are comparable to the wage adjustments negotiated for teachers in bargaining unit 5.

Testimony in support of the measure was submitted by the Department of Education and Alston Hunt Floyd & Ing, the attorneys for the substitute teachers in Garner v. Department of Education (Civil No. 03-1-000305) and Klitternick v. Hamamoto (Civil No. 05-1-0031-01).

Your Committees find that substitute teachers play an important role in supplementing our teacher workforce in the public school system. However, public school substitute teachers have been at odds with the Department of Education with continued litigation pending in the appellate court. In an attempt to address the pending litigation and related issues, the Legislature passed Act 70, Session Laws of Hawaii 2005, which provided an interim pay rate of no less than \$119.80 per day pending resolution of the litigation. Additionally, the Legislature increased the interim pay rate to no less than \$125.00 per day, pursuant to Act 263, Session Laws of Hawaii 2006. In 2007, teachers who are part of bargaining unit 5 received a pay increase; however, no corresponding increase was afforded to substitute teachers. This measure reflects the Legislature's intent that substitute teachers receive comparable benefits to their bargaining unit 5 counterparts, without the need to return to the Legislature for relief each session.

Based upon testimony provided on this and a related measure, Senate Bill No. 2658, your Committees believe that further clarification is necessary to ensure that its intent that wage adjustments for bargaining unit 5 teachers are tied to those of substitute teachers is followed. The Department of Education also provided information on the estimated cost associated with this measure, which your Committees believe should be reflected therein.

Accordingly, your Committees have amended this measure by:

- (1) Clarifying language that wage adjustments for substitute teachers should be comparable across the board with wage adjustments negotiated for bargaining unit 5 teachers;
- (2) Specifying that the adjustment of hours, benefits, and other terms and conditions of employment for substitute teachers shall be subject to approval, pursuant to section 89C-5, Hawaii Revised Statutes;

- (3) Including an appropriation of \$2,000,000 for the wage adjustments for substitute teachers; and
- (4) Making technical, nonsubstantive changes for purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Education and Judiciary and Labor that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2652, as amended herein, and recommend 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 Chairs on behalf of the Committees. Ayes, 6. Noes, none. Excused, 3 (Hee, Nishihara, Tokuda).

SCRep. 2143 Education on S.B. No. 2476

The purpose of this measure is to require the Department of Education to allow children who are home schooled to participate in extracurricular activities at the public school they would otherwise be required to attend.

Testimony in support of the measure was submitted by twenty-four individuals. Testimony in opposition of the measure was submitted by the Department of Education.

Your Committee finds that extracurricular activities, including athletics, play an important role in the holistic development of a child. The public school system, as well as the Department of Human Services, affords students the opportunity to participate in numerous before- and after-school activities that enhance their development as contributing members of our communities. Your Committee further finds that home schooling is a popular and viable option for many parents. Accordingly, home schooled students need to have a well-balanced education, similar to public schools students. However, home schooled students lack the same academic and recreational enrichment provided by extracurricular activities available to public school students. This measure remedies that inequity by providing home schooled students access to extracurricular activities of the public school at which they would otherwise attend.

Your Committee acknowledges the Department of Education's concerns regarding this issue and hopes that continued discussion will bring resolution for all parties. Given the similar rights afforded to charter school students, and associated success, pursuant to section 302B-16, Hawaii Revised Statutes, your Committee believes that home schooled students may also benefit from similar treatment.

Your Committee has amended this measure by making technical, nonsubstantive changes for purposes of clarity and to reflect preferred drafting 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 S.B. No. 2476, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2476, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 3 (Hee, Nishihara, Taniguchi).

SCRep. 2144 Education on S.B. No. 2288

The purpose of this measure is to require the Department of Education to establish a comprehensive dropout prevention strategy that includes research, planning, programs, grants, and supplementary instruction for students at risk of dropping out of school.

This measure also appropriates funds to support the comprehensive dropout prevention strategy.

Testimony in support of the measure was submitted by the Department of Education and one individual.

Your Committee finds that the dropout rate within the Department of Education has been approximately fifteen per cent over the past two years. This figure presents a staggeringly bleak future for the many students who drop out of school, as they are faced with a multitude of disadvantages that directly impact their futures. Your Committee further finds that the development of a strong economy is predicated on growing a local workforce to address all trade and professional needs throughout the State. A great disservice is being done to these at-risk individuals, who can greatly improve their economic and socioeconomic futures by remaining in and graduating from high school. This measure requires the Department of Education to establish a comprehensive dropout prevention strategy that includes programs, initiatives, and grants to reduce the dropout rate and assist and prepare at-risk individuals for their futures in the community. Your Committee believes that such an endeavor will not only benefit the many at-risk students in danger of dropping out of school, and their families, but also the community at large through the production of able, skilled, contributing members of society.

Your Committee has amended this measure by making technical, nonsubstantive changes for purposes of clarity and to reflect preferred drafting 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 S.B. No. 2288, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2288, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 3 (Hee, Nishihara, Taniguchi).

SCRep. 2145 Education on S.B. No. 2080

The purpose of this measure is to require the Hawaii Teacher Standards Board to revoke a teacher's license when the teacher has been convicted of certain sexual offenses against a minor.

Testimony in support of the measure was submitted by the Department of Education and the Hawaii State Teachers Association. Comments on the measure were also submitted by the Hawaii Teacher Standards Board.

Your Committee finds that the health and safety of our keiki, particularly while they are in school, is a high priority for the State. While the Department of Education takes necessary precautions in screening and hiring employees, the Hawaii Teacher Standards

Board can provide great assistance in ensuring that teachers convicted of certain crimes do not retain or renew their licenses to teach in the State. This measure requires the Hawaii Teacher Standards Board to automatically revoke a teacher's license upon notice that a teacher has been convicted of a sexual offense against a minor. Although this practice is being examined by the Hawaii Teacher Standards Board for inclusion in its administrative rules, your Committee believes that this matter is appropriate for statutory implementation to ensure the safety of our students.

Your Committee has amended this measure 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 Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2080, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2080, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 3 (Hee, Nishihara, Taniguchi).

SCRep. 2146 Human Services and Public Housing on S.B. No. 2730

The purpose of this measure is to establish a grandparent preference for out-of-home placement of children needing child protective services.

Testimony in support of this measure was submitted by Catholic Charities Hawai'i and one private individual. Oral testimony in support was given by the Department of Human Services, EPIC Ohana Conferencing, Kokua Ohana, Na Tutu Coalition, Parents for Righteousness, Partners in Development, Tutu and Me Traveling Preschool, and six private citizens. Comments on the measure were submitted by the Legal Aid Society of Hawaii.

Your Committee finds that kinship connection has been proven to be an important factor for foster children to thrive in their home environments, and that several testifiers gave moving testimony in strong support of this measure.

Accordingly, your Committee has amended this measure by:

- (1) Indicating that in addition to grandparents, a preference may be given to other appropriate family members who are identified by the Department of Human Services; and
- (2) 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 Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2730, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2730, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Hooser).

SCRep. 2147 Human Services and Public Housing on S.B. No. 2055

The purpose of this measure is to establish procedures and requirements for child custody evaluator training and certification.

Testimony in support of this measure was submitted by the Domestic Violence Action Center, the National Association of Social Workers, Hawaii Chapter, VOICES, and three individuals. Comments on the measure were submitted by the Judiciary, the Board of Medical Examiners, and the Hawaii State Coalition Against Domestic Violence.

Your Committee finds that there is a need for improved requirements and procedures to train professionals to make custody evaluations and recommendations to the Family Court to ensure that they are as consistent and successful as possible.

Your Committee has amended this measure by:

- (1) Modifying the section referring to "board and family court responsibilities" by requiring the Board of Family Court Judges (Board) to "review" and "adapt" statewide policies and procedures based upon the policies and procedures in use in each of the circuits;
- (2) Delaying the implementation of the provisions of the measure by the Family Court until after January 1, 2010;
- (3) Requiring the Board and the Family Court to assess the resources required to implement and maintain the provisions of the measure and to make findings and recommendations;
- (4) Changing "psychiatrist" to "physician specializing in psychiatry" under the list of professions for whom a license would be required to be a child custody evaluator;
- (5) Adding that a child custody evaluator may be subject to disciplinary action by the Director of Commerce and Consumer Affairs as well as the Board;
- (6) Adding two legislative reporting requirements for the Judiciary; and
- (7) 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 Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2055, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2055, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Hooser, Sakamoto).

SCRep. 2148 Human Services and Public Housing on S.B. No. 2246

The purpose of this measure is to extend the time period for which former foster youth may be eligible for a higher education board allowance.

Testimony in support of this measure was submitted by the Hawaii Family Forum and the Hawaii Youth Services Network. Oral testimony in support of this measure was submitted by the Department of Human Services, and three individuals from the Hawaii Foster Youth Coalition.

Your Committee finds that this measure would provide a much needed benefit for former foster youth, and that, in the words of one of the members of the Committee, this measure represents a "hand up, not a hand out". Your Committee was moved in particular by the testimony given by the three individuals from the Hawaii Foster Youth Coalition, all of whom are former foster youth. Your Committee notes that the Department of Human Services indicated a preference for the language of H.B. No. 1356, H.D. 2, S.D. 2, which was introduced in the Regular Session of 2007, and that, as the higher education board allowance could be covered by its existing budget, no appropriations are necessary.

Accordingly, your Committee has amended this measure by:

- (1) Inserting the language from H.B. No. 1356, H.D. 2, S.D. 2, into this measure and removing the appropriation; and
- (2) 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 Human Services and Public Housing 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 Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Hooser).

SCRep. 2149 (Joint) Transportation and International Affairs and Human Services and Public Housing on S.B. No. 2917

The purpose of this measure is to request the Compact of Free Association Task Force (Task Force), established pursuant to House Resolution No. 94, H.D. 1, 2007, to include in its final report to the 2009 Legislature a recommendation for a pilot program for delivery of medical, educational, housing and social services for the migrants from the Freely Associated States.

The Department of Health submitted testimony stating that this measure is unnecessary.

Your Committees find that the Task Force is expected to report on its findings and recommendations within the next week. It is the intent of your Committees to pass this measure in its present form, recognizing that it may be amended in subsequent committees in order to implement Task Force recommendations.

Regarding the report, your Committees are particularly interested in any Task Force recommendations on how to increase the level of federal funding in Hawai'i, which currently is a small fraction of the costs of providing services to immigrants from the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau.

Your Committees note that the current federal funding level is approximately \$10,000,000 annually, yet the services the State must provide to meet the intent of the Compact of Free Association is in excess of \$90,000,000. Your Committees look forward to any recommendations that may resolve this critical fiscal concern.

As affirmed by the records of votes of the members of your Committees on Transportation and International Affairs and Human Services and Public Housing that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2917 and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 7. Noes, none. Excused, 4 (Hooser, Ihara, Inouye, Trimble).

SCRep. 2150 Transportation and International Affairs on S.B. No. 3119

The purpose of this measure is to appropriate \$21,253,032 out of the State Highway Fund for fiscal year 2007-2008 as an emergency appropriation to be expended by the Department of Transportation for the state highway system.

Testimony in support of this measure was received from the Department of Transportation and the Hawaii Transportation Association.

Your Committee finds that during the 2007 regular legislative session, the Legislature increased the revenues deposited into the State Highway Fund by approximately \$21,200,000 for fiscal year 2007-2008 by extending the \$3 per day rental vehicle surcharge tax and increasing the fuel tax on gasoline and diesel oil by \$.01 per gallon. Your Committee further finds that while the Legislature increased the revenues, the authority to expend the moneys was not requested by the Administration. This measure would address that oversight.

Your Committee has amended this measure by making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Transportation and International Affairs 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 Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 2 (Hooser, Tsutsui).

SCRep. 2151 Transportation and International Affairs on S.B. No. 2916

The purpose of this measure is to:

- (1) Establish a Car Rental Customer Facility Charge Special Fund (Fund) to be used for enhancement, renovation, operation and maintenance of existing rental car customer facilities, and the development of car rental customer facilities at state airports; and
- (2) Authorize the Department of Transportation to establish, by rule, car rental customer facility charges for deposit in the Fund.

Testimony in support of this measure was received from Catrala Hawaii, Avis and Budget Rent A Car, and The Hertz Corporation. Alamo Rent A Car and National Car Rental Hawaii, and Enterprise Rent-A-Car Company of Hawaii testified in opposition.

Your Committee finds that while various airport improvement projects are planned statewide, better u-drive facilities are not part of the current planning cycle due to a lack of funding. The Department of Transportation collects approximately \$40,000,000 annually in concession fees from the u-drive industry, and the industry is concerned that if new facilities are not part of the comprehensive plans for airports, once they are included, the most appropriate sites for these facilities may no longer be available.

Your Committee understands the concerns raised by some members of the u-drive industry, in particular that this measure does not specify locations and project designs, or a financing plan.

Your Committee finds these points to be well taken, but believes that the Legislature, the Department of Transportation, and the u-drive industry must begin the process of planning for these much-needed facilities, and that the specifics will follow.

Your Committee has amended this measure by making technical amendments to insert language missing from current statutes and to conform to the preferred drafting style.

As affirmed by the record of votes of the members of your Committee on Transportation and International Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2916, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2916, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 2 (Hooser, Tsutsui).

SCRep. 2152 Water and Land on S.B. No. 2528

The purpose of this measure is to ensure that adequate funds are available for the proper maintenance of Koke'e and Waimea Canyon State Parks.

Specifically, the measure establishes a sub-account under the state parks special fund into which shall be deposited the proceeds of the various fees collected at Koke'e State Park and Waimea Canyon State Park, less any amounts due to the Office of Hawaiian Affairs. The sub-account is to be used to pay for the costs of repair, maintenance, and operation of the Koke'e State Park and the Waimea Canyon State Park.

Testimony in opposition to the measure was submitted by the Department of Land and Natural Resources.

Your Committee has amended this measure by deleting the specific percentage of the proceeds from the Koke'e State Park and Waimea Canyon State Park that will be deposited into the sub-account. It is recommended that the issue of the percentage of the proceeds to be deposited into the sub-account be addressed by future committees considering this measure.

As affirmed by the record of votes of the members of your Committee on Water and Land that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2528, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2528, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, none.

SCRep. 2153 Transportation and International Affairs on S.B. No. 2920

The purpose of this measure is to exempt drivers of vehicles traveling on an inter-island ferry from certain vehicle identification requirements; provided that the inter-island ferry carrier shall keep a record of transporting the vehicle by recording the vehicle identification number and retaining the information for three years after the date of travel.

Testimony in support of this measure was received from Hawaii Superferry and Horizon Lines, LLC.

Your Committee finds that this measure will simplify the documentation needed to travel on an inter-island ferry with a vehicle, particularly if the person driving the vehicle is not the owner.

Your Committee has also heard a request to expand the scope of the bill to include an exemption from scaling for inter-pier transfers for containers bound for the neighbor islands. Neighbor island bound containers originate from the West Coast, arrive on ocean carriers at the container terminals on Sand Island in Honolulu Harbor, and are then transferred to the inter-island barges for final delivery to the neighbor islands.

In order to make the connection to these neighbor island barges, hundreds of containers must be transferred in a matter of four to five hours. Requiring these containers to be scaled often puts the retailers, merchants, and consumers on the neighbor islands in the position of having the delivery of their cargo severely delayed.

Your Committee also finds that scaling uncovers very few infractions and of the containers that have been in violation, none have been more than five per cent over weight, with most averaging two per cent over weight. Furthermore, ocean carriers with their own barge service can simply transfer their neighbor island bound containers within their piers, without having to be scaled. This creates a huge competitive disparity for ocean carriers solely dependant on a third party barge for handling their neighbor island bound containers.

Your Committee has amended this measure accordingly, by:

- (1) Adding a new subsection to section 291-36, Hawaii Revised Statutes, to exempt from scaling any vehicle or combination of vehicles used in transshipping neighbor island bound cargo directly between piers in Honolulu Harbor, or any activities limited to crossing a public road, street, or highway within the State at locations approved by the Director of Transportation, in the case of state highways, or the county engineer, in the case of county roads and streets; and
- (2) Making a technical, nonsubstantive amendment.

As affirmed by the record of votes of the members of your Committee on Transportation and International Affairs 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 Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 2 (Hooser, Tsutsui).

SCRep. 2154 Human Services and Public Housing on S.B. No. 3257

The purpose of this short form measure is to effectuate its title.

Your Committee has deleted the contents of this measure and inserted provisions to require the Department of Human Services to provide presumptive eligibility to Medicaid or QUEST eligible waitlisted patients.

As affirmed by the record of votes of the members of your Committee on Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3257, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3257, S.D. 1, and be recommitted to the Committee on Human Services and Public Housing, for further consideration.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Hooser, Ihara).

SCRep. 2155 Human Services and Public Housing on S.B. No. 3258

The purpose of this short form measure is to effectuate its title.

Your Committee has amended this measure by deleting its contents and inserting provisions to establish reimbursement guidelines for Medicaid hospital and long-term care reimbursements, and to make appropriations therefor.

As affirmed by the record of votes of the members of your Committee on Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3258, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3258, S.D. 1, and be recommitted to the Committee on Human Services and Public Housing, for further consideration.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Hooser, Ihara).

SCRep. 2156 Human Services and Public Housing on S.B. No. 2873

The purpose of this measure is to make an appropriation to the Department of Labor and Industrial Relations, Office of Community Services, for the Hawaii County Economic Opportunity Council to implement new programs and to expand existing programs to aid the Marshallese.

Your Committee received testimony in support of this measure from the Hawaii County Economic Opportunity Council.

Recently immigrated Marshallese to Hawaii county, particularly in the district of Ka'u are in dire need of help. The majority of the Marshallese residents are low-income and living in poverty. The lack of adequate services and facilities for this impoverished, rural population keeps them economically, educationally, and socially stagnant. The funds appropriated are for a Head Start home-based program for preschool children, a language arts multicultural program for elementary school students, a high school dropout prevention program, employment core services for persons with low-income, and a fourteen passenger van.

As affirmed by the record of votes of the members of your Committee on Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2873 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Hemmings).

SCRep. 2157 Human Services and Public Housing on S.B. No. 3053

The purpose of this measure is to:

- (1) Allow the Department of Human Services and the prospective adoptive parent of a child to be adopted, to enter into an enforceable agreement providing for post adoptive contact between the child and the child's siblings; and
- (2) Clarify the duties and responsibilities of a guardian of a minor ward to ensure that the ward who requests visitation is allowed on-going contact visitation with the ward's siblings.

Your Committee received testimony in support of this measure from the Department of Human Services and Foster Family Programs of Hawai'i. Comments were received from the Judiciary.

Your Committee finds that the removal of a child from the child's family is an extremely traumatic experience for any child. The power of the sibling bond is a persistent theme in sibling studies. In some cases, sibling relationships are more influential than any other, including those with parents.

Your Committee believes that sibling visitation should be an integral part of the long-term permanent planning process for children adopted or having a guardian.

As affirmed by the record of votes of the members of your Committee on Human Services and Public Housing 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 Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Hemmings).

SCRep. 2158 (Joint/Majority) Economic Development and Taxation and Education on S.B. No. 2862

The purpose of this measure is to:

- (1) Establish the science, technology, and education special fund; and
- (2) Amend Act 111, Session Laws of Hawaii 2007, to direct the appropriation made in Act 111 to and out of the science, technology, and education special fund to establish the fostering inspiration and relevance through science and technology pre-academy program in the University of Hawaii College of Engineering.

Testimony in support of this measure was received from the University of Hawai'i at Manoa, the University's Hawaii Center for Advanced Communications, and one individual. The Department of Business, Economic Development, and Tourism submitted comments.

Your Committees find that this measure would help to ensure the success of Hawaii's students in the global economy by providing continued support for innovative educational programs in the fields of science, technology, engineering, and mathematics.

Your Committees are strongly supportive of continued funding for these critical educational programs, and support the creation of the special fund as a means to ensure the focus of any related expenditures in the future.

Your Committees have made a technical amendment to correct a reference to the revisor of statutes.

As affirmed by the records of votes of the members of your Committees on Economic Development and Taxation and Education that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2862, as amended herein, and recommend 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 Chairs on behalf of the Committees. Ayes, 8. Noes, 1 (Slom). Excused, 4 (Baker, English, Hee, Nishihara).

SCRep. 2159 Economic Development and Taxation on S.B. No. 2197

The purpose of this measure is to appropriate \$500,000 to be paid into the Hawaii community-based economic development revolving fund for low interest loans and grants to qualifying community-based organizations involved in economic development activities under the Hawaii Community-Based Economic Development (CBED) technical and financial assistance program.

Testimony in support of this measure was received from the Department of Business, Economic Development, and Tourism; Office of Hawaiian Affairs; Hawai'i Alliance for Community-Based Economic Development; Empower Oahu; Hawaiian Homestead Technology Inc.; Kona Pacific Farmers Cooperative; Lana'i Visitors Bureau; and one individual.

Your Committee finds that since its inception in 1991, the CBED technical and financial assistance program has committed more than \$4,000,000 to more than one hundred eighty community-based organizations statewide, with approximately sixty-seven per cent distributed to neighbor islands. In fiscal year 2006, the CBED program awarded just over \$260,000 in grant funds to fifteen community organizations and twelve of these completed their grants in FY 2007. In technical assistance, CBED funds provided twelve organizations with one-on-one business planning or organizational capacity-building assistance. In addition, more than two hundred eighty high school students were provided business training through workshops and more than two thousand six hundred individuals representing more than five hundred and fifty community organizations or agencies were provided community economic development training, information and assistance.

Your Committee has amended this measure at the recommendation of the Attorney General to appropriate out of the Hawaii community-based economic development revolving fund the sum of \$500,000, or so much thereof as may be necessary for fiscal year 2008-2009, for low-interest loans and grants, with the moneys to be expended by the Department of Business, Economic Development, and Tourism.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2197, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2197, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (English, Espero).

SCRep. 2160 Economic Development and Taxation on S.B. No. 2433

The purpose of this measure is to establish standards and conditions for the receipt of funds appropriated to the State of Hawaii Museum of Monarchy History.

Testimony in support of this measure was received from Iolani Palace.

Your Committee finds that Act 291, Session Laws of Hawaii 2007, designated the Friends of Iolani Palace as the State of Hawaii Museum of Monarchy History, and exempted the organization from the standards and conditions related to the receipt of funds contained in chapter 42F, Hawaii Revised Statutes.

Your Committee further finds that subsequently, the exemption has raised concerns among both legislators and the Governor, and this measure was introduced to address the issue by establishing standards and conditions that must be met in order to receive state

funding. These standards and conditions are essentially identical to those that all non-profit organizations have to satisfy in order to receive grants-in-aid through chapter 42F, Hawaii Revised Statutes.

Your Committee has amended this measure to further clarify that these standards and conditions must be met prior to receiving state funding by:

- (1) Adding the phrase, "in order to receive state funds," at the beginning of the new subsections (c) and (d) in section 6E-35, Hawaii Revised Statutes; and
- (2) Making a technical, nonsubstantive amendment to conform to the preferred drafting style.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2433, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2433, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (English, Espero).

SCRep. 2161 Economic Development and Taxation on S.B. No. 2891

The purpose of this measure is to appropriate \$720,000 for fiscal year 2008-2009 for the continuing operations of the Pacific International Space Center for Exploration Systems (PISCES).

Testimony in support of this measure was received from the National Aeronautics and Space Administration (NASA) Applied Science Division, NASA Jet Propulsion Laboratory, and George C. Marshall Space Flight Center's Lunar Mapping and Modeling Project; a former Governor of the State of Hawaii; the Department of Business, Economic Development, and Tourism; the University of Hawai'i at Hilo, its Department of Physics & Astronomy, and its Conference Center; Hawaii Island Economic Development Board; JAMSS America, Inc.; Japan-United States Science, Technology & Space Applications Program; SpacePartnerships.com; the Colorado School of Mines Center for Space Resources; and The Boeing Company.

Your Committee finds that the PISCES program has had a very successful first year, both in terms of program implementation and in raising additional funds. Among other accomplishments, the \$400,000 appropriation for fiscal year 2007-2008 has resulted in two NASA Partnership Grants totaling approximately \$650,000, a degree of leverage that bodes well for the future.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2891 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (English, Espero).

SCRep. 2162 Economic Development and Taxation on S.B. No. 2959

The purpose of this measure is to appropriate \$271,852 from the Stadium Special Fund as an emergency appropriation to pay fiscal year 2007-2008 increases in electricity, sewer, refuse, and insurance premium payments for Aloha Stadium.

Testimony in support of this measure was received from the Department of Accounting and General Services.

Your Committee finds that this measure is necessary due a number of international and local factors, including steadily increasing world oil prices, increases in tipping and fuel charge fees for refuse disposal, and increases in insurance premiums.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2959 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (English, Espero).

SCRep. 2163 Economic Development and Taxation on S.B. No. 2983

The purpose of this measure is to facilitate the Community-Based Economic Development Program (CBED) in providing financial assistance to community-based businesses and enterprises by:

- (1) Amending the definition of "community of interest" to conform to the definition of "community of identity";
- (2) Authorizing the CBED revolving fund to receive funding from other sources; and
- (3) Adjusting the terms of loans to decrease the outstanding balance allowed to any one applicant from \$500,000 to \$250,000, and the maximum interest rate from ten per cent to six per cent.

Testimony in support of this measure was received from the Department of Business, Economic Development, and Tourism.

Your Committee finds that this measure will provide the CBED program with greater flexibility, with the intent of improving the delivery of services, particularly loans.

Your Committee has amended this measure by:

- (1) Deleting section 7, as there were no amendments made to section 210D-11, Hawaii Revised Statutes, and the related reference in the purpose section; and
- (2) Making technical amendments to correct errors and to conform to the preferred drafting style.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation 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 Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (English, Espero).

SCRep. 2164 Economic Development and Taxation on S.B. No. 3145

The purpose of this measure is to appropriate funds to the City and County of Honolulu for the development of a data encryption system.

Testimony in support of this measure was received from the City and County of Honolulu.

Your Committee finds that legislation to deter identity theft, which was passed by the 2006 Legislature, represents important steps in ensuring against identity theft. The legislation also represents significant costs for the agencies involved. The City and County of Honolulu, for example, administers a number of state-wide and county-wide computer systems that contain considerable amounts of personal public information, including maintenance of the state and county-wide drivers licensing, motor vehicle registration, voter registration, and juvenile justice information systems.

Your Committee strongly supports protection of the personal information of Hawaii residents and maintenance of the highest level of confidentiality and security.

Your Committee has amended this measure by:

- (1) Clarifying that the appropriation shall be for a grant-in-aid to the City and County of Honolulu; and
- (2) Making technical, nonsubstantive amendments for the purposes of style and clarity in internal references.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3145, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3145, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (English, Espero).

SCRep. 2165 Energy and Environment on S.B. No. 2846

The purpose of this measure is to appropriate funds to establish two positions to support the implementation of Act 234, Session Laws of Hawaii 2007, which established the Greenhouse Gas Emissions Reduction Task Force (Task Force).

Specifically, this measure appropriates funds for two additional specialized personnel, a task force program manager and a project assistant/researcher, within the Department of Business, Economic Development, and Tourism to provide professional and technical support for the Task Force, as well as to assist in the implementation of other provisions of Act 234.

Testimony in support of this measure was submitted by the Hawaiian Electric Company, Inc. and its subsidiary companies, Hawaii Electric Light Company, Inc. and Maui Electric Company, Inc.; Hawaii Solar Energy Association; and the Sierra Club.

The Task Force is required to prepare a comprehensive work plan and regulatory scheme for implementing feasible, cost-effective reductions in greenhouse gas emissions to achieve the reductions required by Act 234. Your Committee finds that the additional personnel are essential in ensuring that the Task Force fulfills its responsibilities in a timely, effective manner.

As affirmed by the record of votes of the members of your Committee on Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2846 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Ihara, Kokubun).

SCRep. 2166 Energy and Environment on S.B. No. 2765

The purpose of this measure is to:

- (1) Appropriate general funds for deposit into the energy systems development special fund; and
- (2) Appropriate funds from the energy systems development special fund for the Hawaii Natural Energy Institute.

Testimony in support of this measure was submitted by Hawaii Renewable Energy Alliance.

Your Committee finds that that sufficient funds need to be appropriated to the energy systems development special fund to assist the Hawaii Natural Energy Institute in facilitating the development and deployment of renewable energy sources and efficient energy end-use technologies to enable a sustainable future for the State of Hawaii.

As affirmed by the record of votes of the members of your Committee on Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2765 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Kokubun).

SCRep. 2167 Energy and Environment on S.B. No. 3073

The purpose of this measure is to facilitate the Department of Health in conducting business electronically for certain environmental programs.

Specifically, this measure allows any Department of Health program that collects fees for the issuance of permits, licenses, certificates, or similar approvals, under chapters 342D, 342H, 342J, 342L, 340E, or 340F, Hawaii Revised Statutes, to deduct any electronic and credit card processing fees and charges to which the Department has agreed prior to depositing the funds collected into the general fund.

Testimony in support of this measure was submitted by the Department of Health.

Your Committee finds that promoting the use of electronic business will assist the Department of Health in conducting efficient business operations.

As affirmed by the record of votes of the members of your Committee on Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3073 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Ihara, Kokubun).

SCRep. 2168 Energy and Environment on S.B. No. 3101

The purpose of this measure is to allow growers and producers of organic materials to take advantage of Act 102, Session Laws of Hawaii 2002, which authorized the Board of Land and Natural Resources to lease public lands to renewable energy producers through direct negotiation.

Specifically, this measure amends the definition of “renewable energy producer” in section 171-95, Hawaii Revised Statutes, to include growers and producers of organic materials used primarily for the production of biofuels or other fuels, and in doing so, make them eligible for direct leases of public land.

Testimony in support of this measure was submitted by the Department of Business, Economic Development, and Tourism and the Hawaiian Electric Company, Inc.

Your Committee finds that permitting growers and producers of organic materials, used primarily for the production of biofuels, to lease public lands through direct negotiation is in compliance with the intent of Act 102, Session Laws of Hawaii 2002, allowing the leasing of public lands for renewable energy purposes.

Your Committee further finds that this measure serves the larger goal of encouraging the local production of renewable energy.

As affirmed by the record of votes of the members of your Committee on Energy 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 Water and Land.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Kokubun).

SCRep. 2169 Tourism and Government Operations on S.B. No. 3200

The purpose of this measure is to clarify that an executive department may retain outside attorneys if the State Attorney General discloses a conflict of interest that requires the State Attorney General to decline representation.

Your Committee received testimony in support of this measure from the Judiciary. Testimony in opposition was received from the State Attorney General.

Under this measure, if the State Attorney General discloses a conflict of interest that requires the State Attorney General to decline representation, an executive department may waive the conflict and require the State Attorney General to represent the department. However, if the State Attorney General still declines the representation, then the State Attorney General is required to employ or retain and employ an outside attorney whose selection is subject to the department’s approval.

Your Committee has amended this measure by making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Tourism and Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3200, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3200, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 1 (Trimble).

SCRep. 2170 Transportation and International Affairs on S.B. No. 2094

The purpose of this measure is to permit the examiner of drivers to waive the test of knowledge of the rules of the road for applicants holding a valid driver’s license from another state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, American Samoa, Guam, a province of the Dominion of Canada, and the Commonwealth of the Northern Mariana Islands.

Testimony in support of this measure was received from the Department of Transportation, City and County of Honolulu, and two individuals.

Your Committee finds that since the majority of jurisdictions have adopted uniform motor vehicle laws, this measure would allow for reciprocity similar to that currently permitted for commercial driver’s licenses. Section 286-236(g), Hawaii Revised Statutes, allows the examiner to waive the test of knowledge if there is a valid license from another state, Mexico, or a province in Canada.

Your Committee also notes that when questioned, the City and County of Honolulu, stated that all counties support this measure.

Your Committee has amended this measure by:

- (1) Adding the Federated States of Micronesia, the Republic of the Marshall Islands, the Republic of Palau, or any of the federal government's political subdivisions, territories, or commonwealths; and
- (2) Making technical, nonsubstantive amendments to conform to the preferred drafting style.

As affirmed by the record of votes of the members of your Committee on Transportation and International Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2094, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2094, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Affordable Housing.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 2 (Hooser, Tsutsui).

SCRep. 2171 Tourism and Government Operations on S.B. No. 2221

The purpose of this measure is to appropriate funds to ensure that all public restroom facilities in state and county facilities are consistently well maintained and sanitary.

Your Committee received testimony in support of this measure from the Department of Land and Natural Resources; Department of Accounting and General Services; and Kaua'i Department of Parks and Recreation.

Testimony indicated that public restrooms in state and county facilities have been neglected and are unsanitary. This has created an unhealthy environment for hundreds of visitors and residents of the State who enjoy the beautiful weather and all of the outdoor parks and activities that Hawaii has to offer.

Your Committee believes that the funds appropriated by this measure will help ameliorate this problem.

As affirmed by the record of votes of the members of your Committee on Tourism and Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2221 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Ayes with Reservations, 1 (Tsutsui). Noes, none. Excused, none.

SCRep. 2172 Tourism and Government Operations on S.B. No. 3087

The purpose of this measure is to allow the Department of Labor and Industrial Relations to immediately suspend and begin debarment proceedings against contractors that purposely defraud the State on a public works project or do not cooperate with the Department of Labor and Industrial Relations in determining if there has been a violation of the prevailing wage law.

Your Committee received testimony in support of this measure from the Department of Labor and Industrial Relations; BIA-Hawaii; The Pacific Resource Partnership; Hidano Construction Inc.; and Laborers' Union Local 368.

Currently, contractors can be suspended for failure to pay back wages and penalties, or after the third notice of violation if the second is within two years of the first and the third is within two years of the second. There is currently no method to debar contractors who cheat and get caught unless they fail to pay back wages, which rarely happens.

Your Committee believes that state or county government agencies should not do business with those who falsify payrolls or do not cooperate with government investigation.

Providing for suspension as a penalty will create a clear line for those who are not willing to comply with the law. Chapter 104, Hawaii Revised Statutes, relating to wage and hours of employees on public works, is a law imposed to even the playing field in bidding for public works jobs and pay a prevailing wage to workers. Your Committee finds that it is not unreasonable to impose a three-year suspension for those who are not willing to comply with the law.

Your Committee has amended this measure by making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Tourism and Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3087, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3087, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 1 (Trimble).

SCRep. 2173 Tourism and Government Operations on S.B. No. 2409

The purpose of this measure is to protect the interests of state residents, workers, and businesses by establishing a "sweatfree" public procurement policy and code of conduct that ensures that apparel, garments and related accessories, and other equipment, materials, and supplies procured by the State and counties, including their agencies and employees, through contracts, purchase orders, or uniform allowances and voucher programs are produced in workplaces free of sweatshop conditions.

Your Committee received testimony in support of this measure from SweatFree Communities and UNITE HERE. Testimony in opposition was received from the Department of Accounting and General Services. Comments were received from the State Procurement Office.

The intent of this measure is to ensure that vendors of state and local government goods and services produce their labor and wares with a minimum amount of human decency. Your Committee finds that the State and counties should not make procurements from companies that operate sweatshops. Such purchases serve to promote the plight of laborers and deny laborers' basic human rights.

Your Committee has amended this measure by making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Tourism and Government Operations 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 referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 1 (Trimble).

SCRep. 2174 Tourism and Government Operations on S.B. No. 2574

The purpose of this measure is to:

- (1) Require that any moneys received by, on behalf of, or for the benefit of a governmental body pursuant to a solicitation of funds by the governmental body to cover the costs and expenses of state-sponsored trips and other state-sponsored endeavors to generate business opportunities and goodwill for the State, to be deposited into the general fund and disbursed pursuant to legislative appropriation; and
- (2) Make an appropriation for costs and expenses of state-sponsored trips and other state-sponsored endeavors to generate business and goodwill for the State.

Your Committee received testimony in opposition to this measure from the Department of Business, Economic Development, and Tourism and the Department of Accounting and General Services.

Your Committee finds that any private moneys given to the State to pay for cost and expenses of state-sponsored trips to generate business opportunities and goodwill for the State, constitute "donations" to the State and become state funds. Only in this manner can the State be sure that the private moneys are not given for ulterior purposes from persons or companies who seek to promote themselves for subsequent procurement opportunities.

The intent of this measure is to ensure that the procurement process is open and objective with no unfair advantages realized by persons or companies who are potential bidders by reason of a pre-existing relationship to the department or agency.

Your Committee has amended this measure by:

- (1) Clarifying that the moneys that are to be deposited in the general fund consist of moneys received by the State for trade missions and goodwill trips and exclude moneys received for payment of booths and participation fees for trade shows, and amending the appropriation accordingly;
- (2) Making the Comptroller an ex-officio non-voting member of the State Procurement Policy Board; and
- (3) Making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Tourism and Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2574, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2574, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 1 (Trimble).

SCRep. 2175 (Majority) Tourism and Government Operations on S.B. No. 2823

The purpose of this measure is to require the Procurement Policy Office to conduct compliance audits of at least two executive agencies per year and to initiate or conduct follow-up audits of executive agencies that utilize procurement procedures that are not in compliance with the state procurement code or otherwise authorized by law.

Your Committee received testimony in support of this measure from H2 Technologies, Inc.; Hawaii Angels; Global Education Trust; Archinoetics, LLC; Hawaii Venture Capital Association; Produced By You.com, LLC; PacifiCap Group; and two individuals. Testimony in opposition was received from the Comptroller and the State Procurement Office.

Existing law provides authority for the State Procurement Policy Board to conduct audits and to monitor the implementation of rules and the Hawaii public procurement code. However, your Committee finds that the Procurement Policy Office, in order to fully discharge its responsibilities, must take further steps to ensure compliance with chapter 103D, Hawaii Revised Statutes, by the executive agencies. Your Committee is concerned that not all procurements conform to law.

The intent of this measure is to level the playing field in procurements to ensure that awards are made in conformance with standards and procedures.

Your Committee has amended this measure by:

- (1) Clarifying when the State Procurement Policy Board may conduct audits;
- (2) Making the Comptroller an ex-officio nonvoting member of the State Procurement Policy Board; and
- (3) Making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Tourism and Government Operations 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 referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, 1 (Trimble). Excused, none.

SCRep. 2176 Tourism and Government Operations on S.B. No. 2824

The purpose of this measure is to require the Auditor to conduct a compliance, performance, and management audit of compliance with chapter 103D, Hawaii Revised Statutes, and the administrative rules adopted thereto.

Your Committee received testimony in support of this measure from H2 Technologies, Inc.; Hawaii Angels; Global Education Trust; Archinoetics, LLC; Hawaii Venture Capital Association; Produced By You.Com, LLC; PacifiCap Group; and one individual.

The audit under this measure is of the State Procurement Office and the purchasing agencies under the executive branch. The last and only audit to date was in 1995. Your Committee finds that a new audit is timely and necessary, given that thirteen years have elapsed since the 1993 audit and the recent problems in state procurement practices brought to light during the interim hearings by the Senate Committee on Tourism and Government Operations. One of the concerns is the apparent noncompliance with procurement laws in the award of contracts, which is a critical element of public procurement.

Your Committee believes that the process of expenditure of public moneys for government purchases should be periodically audited from time to time. The intent of this measure is to uncover any deficiencies and improprieties in state procurement, as well as to analyze the effectiveness of implementation of state procurement laws.

Your Committee has amended this measure by inserting a provision requiring the Comptroller to serve as an ex-officio nonvoting member of the State Procurement Policy Board.

As affirmed by the record of votes of the members of your Committee on Tourism and Government Operations 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 referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, none.

SCRep. 2177 Tourism and Government Operations on S.B. No. 2826

The purpose of this measure is to transfer responsibilities for procurement training and development from the Department of Human Resources Development to the State Procurement Office, and to require mandatory attendance at the program sessions for procurement officers of the State and counties.

Your Committee received testimony in support of this measure from the State Procurement Office; H2 Technologies, Inc.; Hawaii Angels; Global Education Trust; Archinoetics, LLC; Hawaii Venture Capital Association; Produced By You.com, LLC; PacifiCap Group; and one individual.

Under this measure, the Department of Human Resources Development will cooperate with the State Procurement Office to develop and maintain a procurement practices training and development program for procurement officers of the State and the several counties.

Your Committee finds that the State Procurement Office is the more appropriate agency rather than the Department of Human Resources Development to conduct procurement training. Your Committee is concerned that procurement irregularities may be occurring without coming to the attention of the State Procurement Office.

The intent of this measure is to ensure compliance with procurement procedures and practices and making proper procurement decisions consistent with the Hawaii public procurement code.

Your Committee has amended this measure by:

- (1) Making clarifying amendments on the recommendation of the State Procurement Office; and
- (2) Inserting a provision to make the Comptroller an ex-officio nonvoting member of the State Procurement Office.

As affirmed by the record of votes of the members of your Committee on Tourism and Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2826, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2826, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, none.

SCRep. 2178 Tourism and Government Operations on S.B. No. 2867

The purpose of this measure is to provide that any false information or misrepresentation knowingly placed in a bid or a proposal shall be a basis for not awarding the bid or contract to that person, and to subject that person to a mandatory suspension from bidding on any contract for one year.

Your Committee received testimony in support of this measure from Department of Accounting and General Services; State Procurement Office; Global Education Trust; Archinoetics, LLC; Produced By You.com, LLC; and PacifiCap Group.

Your Committee finds that, although the public procurement code was established to help ensure fair and ethical procurement practices, in some instances, the information contained in a bid or proposal may not be truthful, and the bidder may not be honest about placing the information in the bid or proposal. This measure discourages such deviant practices. The intent of this measure is to protect public moneys from being expended based on wilful misrepresentation.

Your Committee has amended this measure by:

- (1) Making the measure apply also to professional services procurements, sole source procurements, small purchase procurements, and emergency procurements;
- (2) Applying the measure to affiliates of the offeror; and
- (3) Making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Tourism and Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2867, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2867, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, none.

SCRep. 2179 Tourism and Government Operations on S.B. No. 3064

The purpose of this measure is to increase the salaries of certain department heads and other administrative executive officers.

Your Committee received testimony in support of this measure from the Comptroller; Department of Human Resources Development; Board of Directors of the Hawaii Housing Finance and Development Corporation; and State Department of Defense.

Under existing law, the salaries of the Stadium Manager, Vice-Director of Civil Defense, Executive Director of the Hawaii Housing and Finance Development Corporation, and chairperson of the Public Utilities Commission are linked to the salary of the Director of Human Resources Development, which is in the lowest compensation tier for department heads.

Your Committee is concerned with the salary of the Vice-Director of Civil Defense who operates an agency that works twenty-four hours per day, seven days per week. The Agency aggressively mitigates damages caused wind, rain, floods, fires, earthquakes, and hurricanes. The Agency also provides for emergency evacuation plans and brings in federal grants. In addition, there was testimony that the Vice-Director of Civil Defense is evaluated on a continuous basis by the State Department of Defense and by federal agencies responsible for civil defense, and that based on those evaluations, the current individual holding that position warrants a raise in pay.

Your Committee has amended this measure to delete provisions for all the agencies, except for civil defense.

As affirmed by the record of votes of the members of your Committee on Tourism and Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3064, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3064, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 1 (Trimble).

SCRep. 2180 Tourism and Government Operations on S.B. No. 2252

The purpose of this measure is to prohibit an ex officio member or an interim appointee of a board or commission from serving as chair of that board or commission.

Your Committee received testimony in opposition of this measure from the Department of Accounting and General Services and the Office of the Governor.

Your Committee finds that a potential conflict of interest exists when an ex officio member of a board or commission, who is usually a department director, is also the chair of that board or commission. A board or commission should act independently of any department.

Your Committee further finds that interim appointees to boards and commissions should not serve as a chair, since doing so may disrupt the continuity and efficient operation of the board or commission.

The intent of this measure is to ensure public confidence in the operations and decision making of a board or commission.

As affirmed by the record of votes of the members of your Committee on Tourism and Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2252 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 1 (Trimble).

SCRep. 2181 (Joint) Energy and Environment and Transportation and International Affairs on S.B. No. 2549

The purpose of this measure is to require the Department of Business, Economic Development, and Tourism to develop an implementation plan to increase electric automobile use in Hawaii.

Your Committees received testimony in support of this measure from Hawaiian Electric Company, Inc., Maui Energy Group, and the Hawaii Automobile Dealers' Association. Your Committees received comments regarding this measure from the High Technology Development Corporation. Your Committees received suggestions for amendments from the Alliance of Automobile Manufacturers.

Your Committees find that broadening the scope of the measure's implementation plan and its objectives would promote consumer acceptance and increased use of all energy-efficient vehicles and alternative fuel sources.

Accordingly, your Committees have amended this measure by:

- (1) Including the use of energy-efficient vehicles, as defined under 103D-412, Hawaii Revised Statutes, within the scope of the implementation plan required under the measure;
- (2) Including alternative fuel powered automobiles within the objectives of the implementation plan; and
- (3) Defining "alternative fuel" to have the same meaning as defined in 10 Code of Federal Regulations Part 490.

As affirmed by the records of votes of the members of your Committees on Energy and Environment and Transportation and International Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2549, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2549, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chairs on behalf of the Committees. Ayes, 8. Noes, none. Excused, 2 (Kokubun, Tsutsui).

SCRep. 2182 Tourism and Government Operations on S.B. No. 2011

The purpose of this measure is to require any delegation of procurement authority to be in writing and filed with the Administrator of the State Procurement Office, and to make the designee answerable to the Administrator rather than to the Chief Procurement Officer.

Your Committee received testimony in opposition to this measure from the Department of Accounting and General Services and the State Procurement Office.

Your Committee has amended this measure by deleting the contents and inserting provisions to:

- (1) Require moneys received for trade missions and goodwill trips to be deposited into the general fund and disbursed pursuant to legislative appropriation;
- (2) Appropriate funds for trade missions and goodwill trips;
- (3) Require the State Procurement Office to develop a procurement training program with mandatory attendance by all procurement officers;
- (4) Make the comptroller an ex-officio non-voting member of State Procurement Policy Board;
- (5) Require the President of the Senate and Speaker of the House of Representatives to submit names of nominees to the Governor for appointments to the State Procurement Policy Board and repeal the requirement for a nominating committee;
- (6) Require the State Procurement Policy Board to appoint the Administrator of the State Procurement Office who also serves by law as the Chief Procurement Officer for the executive branch;
- (7) Require the State Procurement Office to make annual compliance audits of at least two randomly selected executive departments, divisions, or agencies, and require a report on the audits to the Legislature;
- (8) Place a time limit on bidders to comply with corrective action determinations rendered by the Administrator of the State Procurement Office; and
- (9) Require the Auditor to conduct procurement audit to determine implementation of and compliance with chapter 103D, Hawaii Revised Statutes, and makes an appropriation for the audit.

The intent of this measure, as amended, is to ensure increased accountability and honesty of government officials in making procurements. It is the responsibility of your Committee to exercise oversight of the Hawaii Public Procurement Code and your Committee believes that public moneys should be expended and procurements made in a fair, transparent, and value-oriented manner.

The provisions of this amended measure reflect due diligence on the part of the Legislature to fulfill its obligation to the public. Every provision in this amended measure will improve the intended operation of the procurement code.

As affirmed by the record of votes of the members of your Committee on Tourism and Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2011, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2011, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 1 (Trimble).

SCRep. 2183 Commerce, Consumer Protection and Affordable Housing on S.B. No. 2783

The purpose of this measure is to reduce the potential loss from earthquake damage by providing an incentive to homeowners to retrofit their property with earthquake resistive devices.

Specifically, this measure provides the following:

- (1) Awards a grant out of the Loss Mitigation Grant Program to a qualified applicant to reimburse thirty-five per cent of the costs incurred for the purchase and installation of earthquake resistive devices in a single- or multi-family residential dwelling; provided that the maximum total of reimbursement shall be \$2,100 per dwelling;
- (2) Establishes procedures and criteria for an applicant to apply and qualify for a grant for earthquake resistive device;
- (3) Requires the Insurance Commissioner, in consultation with the Department of Defense, to develop criteria for earthquake resistive devices;
- (4) Adds earthquake resistive devices to the Loss Mitigation Grant Program under chapter 431, article 22, Hawaii Revised Statutes; and
- (5) Appropriates an unspecified sum out of the Hurricane Reserve Trust Fund to be deposited into the Loss Mitigation Grant Fund for the Department of Commerce and Consumer Affairs to use for the Loss Mitigation Grant Program.

Testimony in support of this measure was submitted by the Structural Engineers Association of Hawaii, The Hawaii Lumber Products Association, and one private individual. Testimony in opposition to this measure was submitted by the Department of Commerce and Consumer Affairs.

Most structures in Hawaii are potentially subject to moderate to severe seismic ground motion, and the Kiholo Bay Earthquake in October 2006 highlighted the numerous weaknesses of existing residential construction in Hawaii. The Loss Mitigation Grant Program offers homeowners refunds for the installation of wind resistive devices, which has resulted in an incentive for homeowners to protect their property from hurricane and other wind damage. Similarly, your Committee finds that offering homeowners refunds for the installation of earthquake resistive devices would lead to an increase in the number of homes retrofitted for earthquakes.

Your Committee notes the Insurance Commissioner's concerns regarding the requirement to consult with the Department of Defense in developing criteria for earthquake resistive devices as the Insurance Commissioner has the sole responsibility for running the Loss Mitigation Grant Program. Furthermore, your Committee recognizes the Department's concerns regarding the relatively short timeframe to establish criteria for earthquake resistive devices, especially in light of the ongoing study of earthquake mitigation techniques being conducted by Federal Emergency Management Agency (FEMA) and the University of Hawaii. However, testimony indicated that this study will be ready in time for the Commissioner to develop criteria by January 1, 2009.

Accordingly, your Committee has amended this measure by:

- (1) Deleting language that requires the Insurance Commissioner to develop criteria for earthquake resistive devices in consultation with the Department of Defense;
- (2) Changing the effective date of this measure from July 1, 2008 to July 1, 2050, to ensure further discussion by the Committee on Ways and Means; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee believes that providing an incentive to homeowners to retrofit their property with earthquake resistive devices fulfills the intent of this measure, which is to reduce potential loss from earthquake damage.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2783, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2783, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 2 (Ihara, Sakamoto).

SCRep. 2184 Commerce, Consumer Protection and Affordable Housing on S.B. No. 2980

The purpose of this measure is to increase the availability of affordable housing in the State by increasing the aggregate principal amount of revenue bonds issued by the Hawaii Housing Finance and Development Corporation from \$400,000,000 to \$500,000,000 for the Corporation's Housing Loan and Mortgage ("Hula Mae Multi-Family") Program.

Testimony in support of this measure was submitted by the Hawaii Housing Finance and Development Corporation, the Office of Hawaiian Affairs, and the Hawaii Association of Realtors.

Your Committee finds that the Hula Mae Multi-Family Program promotes the development of new or the preservation and rehabilitation of existing affordable rental housing projects by the Hawaii Housing Finance and Development Corporation, issuing mortgage revenue bonds for interim or permanent financing at below-market interest rates. Testimony indicates that since its inception, the Hula Mae Multi-Family Program has provided \$125,878,000 in revenue bond proceeds for seven affordable housing projects, totaling 1,133 affordable units. Five additional affordable housing projects comprising a total of eight hundred twenty-nine units have been approved by the Hawaii Housing Finance and Development Corporation and are pending bond issuance. Increasing the Corporation's revenue bond authority from \$400,000,000 to \$500,000,000 will ensure that sufficient authority is in place to meet increased future demand for program assistance, and enable the Corporation to increase the availability of affordable housing in the State.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2980 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 3 (Ihara, Sakamoto, Taniguchi).

SCRep. 2185 (Majority) Agriculture and Hawaiian Affairs on S.B. No. 2215

The purpose of this measure is to establish a country of origin labeling requirement for all beef, pork, poultry, and lamb.

Testimony in support of this measure was submitted by Hawaii Farm Bureau Federation, Hawaii Chapter of National Farmer's Union, Animal Rights Hawaii, Hawaii Teamsters and Allied Workers, Local 996, and Hawaii Beekeepers Association.

Testimony in opposition to this measure was submitted by the Department of Agriculture, Attorney General, and Hawaii Food Industry Association.

This measure requires grocers to list the country of origin of all beef, pork, poultry, and lamb sold in Hawaii. It would allow consumers to know where the meat they are buying is coming from and to make informed decisions about their purchases. Your Committee is aware that the federal government has enacted similar legislation, but has failed to implement their program since its inception in 2002. The federal program is presently scheduled to be enacted on September 30, 2008.

Your Committee has amended this measure by extending the effective date to December 31, 2008, to allow for the Legislature to monitor the federal government's planned implementation of a similar country of origin labeling program.

As affirmed by the record of votes of the members of your Committee on Agriculture and Hawaiian Affairs 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 referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, 1 (Slom). Excused, 1 (Hee).

SCRep. 2186 Agriculture and Hawaiian Affairs on S.B. No. 2955

The purpose of this measure is to expand the Department of Agriculture's inspection and quarantine authority to reach nonagricultural materials that may harbor pests and to authorize the Department of Agriculture to require shipping and transportation companies to provide advance notification of the identification of specific articles, whether agricultural or nonagricultural, that are transported for entry into the State or moved interisland within the State, and of the point of origin of the articles.

Testimony in support of this measure was submitted by the Department of Agriculture, Department of Land and Natural Resources, Hawaii Farm Bureau Federation, Maui County Farm Bureau, Hawaii Agricultural Research Center, The Nature Conservancy of Hawaii, and the Coordinating Group on Alien Pest Species.

Your Committee finds that in 2005, the Legislature passed Act 64, Session Laws of Hawaii 2005 (Act 64), relating to agricultural inspections. As to the problem of invasive species (pests), Act 64 declared that imported commodities that are considered high risk for pests should receive the level of attention necessary to protect Hawaii from pests, regardless of their point of origin or means of transportation. To better address the problem of invasive species, Act 64 authorized the Department of Agriculture to adopt rules that require shipping documents to identify specific articles. However, the current statutory language does not suffice, as the Department of Agriculture lacks rulemaking authority over articles not related to agriculture, such as furniture, building materials, or rocks, which, in the Department's recent experience, are also known to harbor pests. Further, the Department of Agriculture has found the point of origin of imported articles to be highly relevant to the risk of pest entry into the State and interisland movement within the State. In order to allocate appropriate inspection resources according to the risk level of the article being imported or moved interisland, the Department of Agriculture needs advance notice of the identification of specific articles or commodities being imported or moved interisland and their points of origin.

Your Committee has amended this measure 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 Agriculture and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2955, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2955, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, none.

SCRep. 2187 Agriculture and Hawaiian Affairs on S.B. No. 2643

The purpose of this measure is to provide additional funding needed for the repair and maintenance of irrigation systems throughout the State, including additional personnel for the Department of Agriculture to improve oversight and management of the irrigation systems.

Testimony in support of this measure was submitted by the Department of Agriculture, Agribusiness Development Corporation, Office of Hawaiian Affairs, Hawaii Farm Bureau Federation, Maui County Farm Bureau, Hawaii Agriculture Research Center, Hawaii Crop Improvement Association, and Department of Hawaiian Home Lands.

Your Committee finds that a reliable irrigation system is the lifeblood of Hawaii's agricultural industry. To ensure that Hawaii's crops receive a steady and dependable supply of water, sufficient funding is needed to maintain and improve Hawaii's irrigation systems.

Your Committee has amended this measure by:

- (1) Correcting the SR designation for the converted clerk-typist position to SR-10; and
- (2) 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 Agriculture and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2643, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2643, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (English).

SCRep. 2188 Agriculture and Hawaiian Affairs on S.B. No. 2925

The purpose of this measure is to:

- (1) Establish a state organic program under the direction of the Department of Agriculture;
- (2) Require the Department of Agriculture to develop and implement a plan for the state organic program; and
- (3) Appropriate funds to the Department of Agriculture to establish and implement the state organic program.

Testimony in support of this measure was submitted by the Department of Agriculture, Hawaii Farm Bureau Federation, Hawaii Cooperative of Organic Farmers, Hana Health, Moms Going Green, MA'O Organic Farm, Hawaii Crop Improvement Association, the Hawaii Beekeepers Association, and one individual.

Your Committee finds that organic farming practices are beneficial to human health and the preservation of environmental quality. With increased demand locally and globally for organic products, Hawaii is in a position to capitalize on its optimal growing climates and nurture a growing sector of the agricultural industry and Hawaii's economy. In addition to the economic benefits, cultivating a strong organic industry also encourages sustainable practices that enhance soil health and preserve Hawaii's scenic and environmental resources.

The Organic Foods Production Act (7 U.S.C. chapter 94) establishes national standards governing the marketing of certain agricultural products as organically produced products; assures consumers that organically produced products meet a consistent

standard; and facilitates interstate commerce in fresh and processed food that is organically produced. The federal regulations under the National Organic Program (7 C.F.R. part 205) provide that each state may implement an organic program for agricultural products that have been produced and handled within the state, using organic methods that meet the requirements of the Organic Foods Production Act and the National Organic Program. Due to the sensitive nature of Hawaii's environment and the unique challenges that Hawaii organic farmers face, it is necessary to develop a state organic program pursuant to the National Organic Program, develop and implement a state organic plan, and conduct oversight of all organic agricultural activities statewide.

Your Committee has amended this measure by appropriating the sum of \$150,000 to the Department of Agriculture to establish and implement a State organic program and 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 Agriculture and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2925, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2925, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (Hee).

SCRep. 2189 Economic Development and Taxation on S.B. No. 2153

The purpose of this measure is to provide a mandatory tax credit or refund to taxpayers pursuant to article VII, section 6, of the Hawaii State Constitution.

Specifically, this measure provides a targeted tax relief approach by establishing income tax credits for the different classes of individual taxpayers on a sliding scale to ensure that taxpayers who need tax relief get it.

Testimony in support of this measure was submitted by the Department of Taxation. Comments on this measure were submitted by the Tax Foundation of Hawaii.

Your Committee finds that the balance of the state general fund at the close of each of the past two successive fiscal years has exceeded five per cent of general fund revenues for each of the two fiscal years. Thus, the taxpayers of the State of Hawaii should be provided a tax credit or refund.

Your Committee further finds that S.B. No. 2153 and S.B. No. 2495 were similar measures that proposed the mandatory tax credit or refund, but that S.B. No. 2153 was preferred over S.B. No. 2495 for purposes of clarity and completeness.

Accordingly, it is the intent of your Committee to support a tax credit or refund to the taxpayers of the State of Hawaii.

Your Committee received a fiscal impact statement from the Department of Taxation that this measure, as introduced, would result in a revenue loss of \$26,000,000 for fiscal year 2009. Their methodology is as follows:

The Department of Taxation's fiscal impact assumes that the tax credit or refund is allowable for each tax return filed and not for every dependent on a tax return. The statement also assumes that qualifying widows will be allowed the same tax credit or refund schedule as joint filers. For the 2005 taxable year, 554,563 tax returns were filed in Hawaii, which for fiscal year 2009 would result in a revenue loss of \$26,000,000 from the tax credit or refund.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2153 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Ayes with Reservations, 1 (Slom). Noes, none. Excused, 2 (Baker, English).

SCRep. 2190 Economic Development and Taxation on S.B. No. 2303

The purpose of this measure is to appropriate \$1,000,000 for the planning, design, and construction of phase 2 of the Pacific Aviation Museum at Pearl Harbor.

Testimony in support of this measure was received from the Department of Defense; the Pacific Aviation Museum (Museum), three of its board members, its Executive Director, its Education Director, and two volunteers; The Chamber of Commerce of Hawaii; the Airforce Association of Hawaii, Chapter 138; Asian Pacific Advisors; Fleet Street Graphics; and two individuals. One individual submitted comments.

Your Committee finds that in the first year of operation, the Museum had more than 95,000 visitors, including 4,700 school children on education field trips. Your Committee also heard that the Museum has a grants program that allows students from Title I schools to attend free, and that approximately 300 students were able to take advantage of this last year.

Your Committee also notes concerns raised by a citizen of Hawaii regarding the inaccuracy of a display on the crash landing of a Japanese Zero on Niihau. Committee members understand that a meeting has been scheduled with the concerned citizen and the Museum and look forward to hearing the outcome of this meeting and the resolution of any inaccuracies.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2303 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (English, Espero).

SCRep. 2191 Economic Development and Taxation on S.B. No. 2745

The purpose of this measure is to establish that communication of defamatory statements by telephone, facsimile, electronic mail, or other computer communication meets the requirement of publication.

Testimony in support of this measure was received from the Hawaii State Coalition Against Domestic Violence and Marvin S.C. Dang, LLLC.

In testimony before this Committee, members have heard that since April 2007, a number of Hawaii attorneys received thousands of e-mails from an anonymous sender. The e-mails contain false, derogatory, and defamatory messages about specific attorneys and law offices, as well as politicians, and others. These e-mails were also being sent to people outside the legal community and falsely identified as coming from a specific attorney.

Your Committee finds that this measure will help to deter the use of e-mails to defame, harass, and intimidate people.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2745 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (English).

SCRep. 2192 (Joint) Economic Development and Taxation and Tourism and Government Operations on S.B. No. 2340

The purpose of this measure is to appropriate \$500,000 for costs associated with applying for a spaceport license from the Federal Aviation Administration.

Testimony in support of this measure was received from a former Governor of the State of Hawaii; the Department of Business, Economic Development, and Tourism; Enterprise Honolulu; Hawaii Island Economic Development Board; Space Frontier Foundation; Rocketplane Global, Inc.; and Zero Gravity Corporation.

Your Committees find that the effort to establish an international commercial spaceport in Hawaii builds on the recent development of innovative "spaceplanes" that take off and land at airports like commercial jet planes, but also use onboard rockets to carry these vehicles and their cargo of satellites, experiments and tourists to space. Your Committees have heard that Rocketplane Global is one of several companies that have approached the State to request permission to launch these types of vehicles from Hawaii as early as 2010. Its business plan projects approximately \$200,000,000 in annual gross revenues from user fees, as well as development of a terrestrial space-themed education and training center in the Kalaeloa district on Oahu.

In order for spaceplanes to launch and land from Hawaii's airports, the State must apply for and receive a commercial space transport license from the Federal Aviation Administration (FAA).

Your Committees understand that the \$500,000 appropriation in this measure is strictly a one-time request, and should the State be successful in receiving a license from the FAA, the State will realize income far in excess of the appropriation amount.

As affirmed by the records of votes of the members of your Committees on Economic Development and Taxation and Tourism and Government Operations that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2340 and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 8. Noes, none. Excused, 2 (English, Tsutsui).

SCRep. 2193 Economic Development and Taxation on S.B. No. 2487

The purpose of this measure is to specify permissible activities of groups leasing campsites on state parks or public lands.

Testimony in support of this measure was received from the Department of Land and Natural Resources.

Your Committee has heard that part of the proposed language may create some ambiguity and the phrase "or both" is unnecessary. The preceding phrase "including but not limited to" is sufficient to specify that any one or a combination of those activities are allowed, without exclusion of other activities that may qualify as youth athletic or educational activities.

Your Committee has amended this measure accordingly, by:

- (1) Deleting the phrase "or both" in the title and body of section 171-43, Hawaii Revised Statutes; and
- (2) Making a technical, nonsubstantive amendment.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2487, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2487, S.D. 1, and be referred to the Committee on Water and Land.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (English).

SCRep. 2194 Economic Development and Taxation on H.B. No. 1755

The purpose of this measure is to clarify the tax consequences of the reduced general excise tax rate of 0.5 per cent on service-to-service wholesale transactions. This measure specifies if the reduced rate applies to dealers that furnish goods or services related to fulfilling a manufacturer's warranty obligations to a purchaser of the manufacturer's tangible personal property.

Testimony in support of this measure was submitted by the Hawaii Automobile Dealers' Association and King Auto Group. Comments on this measure were submitted by the Department of Taxation and the Tax Foundation of Hawaii.

Your Committee finds that to reduce the pyramiding tax effects of the general excise taxes on service-to-service wholesale transactions, the Legislature reduced the general excise tax rate on those transactions to 0.5 per cent. This measure will explicitly inform the service-to-service industry of their general excise tax obligations in relation to fulfilling a manufacturer's warranty obligation for tangible personal property.

Accordingly, it is the intent of your Committee to support a reduced general excise tax rate of 0.5 per cent on service-to-service wholesale transactions for dealers who fulfill warranty obligations to purchasers of tangible personal property.

Your Committee received a fiscal impact statement from the Department of Taxation that this measure, as introduced, would result in an annual revenue loss to the State of \$1,500,000. Their methodology is as follows:

Automobile manufacturer warranties encompass about 85% of all warranty obligations on tangible personal property in the United States, with the remainder consisting of warranties on electronics, such as computers and home appliances. In 2005, warranty claims cost automobile manufacturers approximately \$14,000,000,000 per year. Hawaii's share of the gross domestic product is 0.3 per cent. In addition, from 2005 to 2007 the sales from Hawaii's automobile industry sales declined by 11 per cent. Taking those factors in consideration, along with the difference between the retail and wholesale general excise tax rates and the other warranty obligations on tangible personal property, this measure will result in annual revenue losses to the State of \$1,500,000. That revenue loss is calculated as follows: $\$14,000,000,000 \times .003$ (Hawaii's share of gross domestic product) $\times 0.89$ (Hawaii's decline in sales) $\times 0.035$ (the difference between the retail and wholesale general excise tax rates) $\times 1.15$ (representing the additional warranty obligations on tangible personal property in Hawaii) = \$1,500,000.

Your Committee has amended this measure by changing its effective date to July 1, 2008.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1755, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1755, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Baker, English).

SCRep. 2195 Economic Development and Taxation on S.B. No. 2030

The purpose of this measure is to establish a general excise tax holiday on the purchase of food and over-the-counter drugs for one day in 2008.

Testimony in support of this measure was submitted by the Department of Taxation, the Consumer Healthcare Products Association, and the Retail Merchants of Hawaii. Comments on this measure were submitted by the Tax Foundation of Hawaii.

Your Committee finds that the general excise tax holiday will help to alleviate the tax burden on taxpayers and also stimulate retail sales that would result in a boost to the State's economy.

Accordingly, it is the intent of your Committee to support a one day general excise tax holiday on purchases of food and over-the-counter drugs.

Your Committee received a fiscal impact statement from the Department of Taxation that this measure, as introduced, would result in a revenue loss to the State of approximately \$407,000. Their methodology is as follows:

Based upon disposable personal income levels and a 2006 Annual Visitor Research Report, it is estimated that food consumption in Hawaii will be approximately \$3,515,300,000 and that over-the-counter drug consumption will be approximately \$204,700,000 in fiscal year 2009. Thus, total purchases of food and over-the-counter amounts to \$3,720,000,000. Dividing that amount by one-three hundred sixty-fifth represents one day out of the calendar year. The result is total purchases on any given day of \$10,191,781. Multiplying that amount by the general excise tax rate of four per cent, the expected revenue loss to the State from a one day general excise tax holiday would be approximately \$407,671.

Your Committee has amended this measure by adding that all savings shall be passed on by the seller to the purchaser.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2030, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2030, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Baker, English).

SCRep. 2196 Economic Development and Taxation on S.B. No. 2283

The purpose of this measure is to:

- (1) Establish the boundaries and designate in statute the Hawaii Capital Cultural Heritage Area; and
- (2) Appropriate \$1,000,000 to plan and implement programs and projects that recognize, preserve, stimulate, and celebrate the significance of the Hawaii Capital Cultural Heritage Area.

Testimony in support of this measure was received from the Department of Business, Economic Development, and Tourism; Historic Hawai'i Foundation; Na Leo Pohai, The Outdoor Circle; Hawai'i Capital Cultural District; Honolulu Culture & Arts District; and Kamehameha Schools. The State Foundation on Culture and the Arts submitted comments.

Your Committee finds that an application to the United States Congress is underway to designate central Honolulu as a National Heritage Area, which would be an expansion and further recognition of the Hawai'i Capital Cultural District, and provide additional opportunities to obtain federal funding.

Your Committee is supportive of this effort and the widespread community involvement in reaching this goal.

Your Committee has amended this measure by:

- (1) Establishing the Hawaii Capital Cultural Heritage Area in chapter 201, Hawaii Revised Statutes, to more accurately reflect the role of the Arts and Culture Development Branch;

- (2) Adding exceptional trees to the significance of the designation; and
- (3) Making technical amendments to correct the name of the Department of Business, Economic Development, and Tourism in the purpose section and the appropriation section.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2283, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2283, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (English).

SCRep. 2197 Economic Development and Taxation on S.B. No. 2583

The purpose of this measure is to:

- (1) Appropriate funds to renovate the Kamamalu Building; and
- (2) At the conclusion of the renovation of the Kamamalu Building, require that the state agencies located in the No. 1 Capitol District Building shall be transferred to the Kamamalu Building, and the No. 1 Capitol District Building shall then be renamed the Hawaii State Art Museum and used exclusively for the purposes and needs of the Museum.

Testimony in support of this measure was received from the Hawaii Building and Construction Trades Council, AFL-CIO; Hawai'i Craftsmen; The ARTS at Marks Garage; Hawaii Loa Records; Louis Pohl Gallery; a Commissioner on the State Foundation on Culture and the Arts; and nineteen individual artists, teachers, and community members. The Department of Accounting and General Services and the Department of Budget and Finance testified in opposition. The State Foundation on Culture and the Arts submitted comments.

Your Committee finds that while this measure has widespread support, implementation is problematic. The Comptroller has stated that current estimates to renovate the Kamamalu Building exceed \$30,000,000, and that the State is reviewing its options, including other uses and possible land exchanges. In addition, the No. 1 Capitol District Building was acquired by the State using tax exempt funding, and commercial use of the building must be limited to protect the tax exemption.

Your Committee supports the concept of this measure, but believes it will require further detailed information and specific recommendations before the proposal could be implemented.

Your Committee has amended this measure accordingly, by deleting its contents, and:

- (1) Establishing the Hawai'i Capital Cultural District Task Force to review the current operations of the Hawaii State Art Museum and its long range plans for operations and growth, with respect to the Museum's location in the No. 1 Capitol District Building located in the Hawai'i Capital Cultural District, and requiring a report to the 2009 Legislature with the task force to cease operations June 30, 2009; and
- (2) Appropriating an unspecified amount for the work of the Task Force, to be expended by the State Foundation on Culture and the Arts.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation 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 referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (English).

SCRep. 2198 Economic Development and Taxation on S.B. No. 2458

The purpose of this measure is to establish the offense of criminal impersonation, making it a petty misdemeanor to impersonate another person and place the person at risk of bodily injury.

Testimony in support of this measure was received from the Hawaii State Coalition Against Domestic Violence and Marvin S.C. Dang, LLLC.

In testimony before this Committee, members have heard that since April 2007, a number of Hawaii attorneys received thousands of e-mails from an anonymous sender. The e-mails contain false, derogatory, and defamatory messages about specific attorneys and law offices, as well as politicians, and others. These e-mails were also being sent to people outside the legal community and falsely identified as coming from a specific attorney.

Your Committee finds that this measure will help to deter the use of e-mails to defame, harass, and intimidate people, but that the petty misdemeanor penalty may be too lenient. Your Committee further finds the classification of this offense as a class C felony is appropriate given that the actions of a perpetrator are so disruptive.

Your Committee has amended this measure accordingly to make criminal impersonation a class C felony.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2458, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2458, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (English).

SCRep. 2199 Economic Development and Taxation on S.B. No. 2456

The purpose of this measure is to add computer communication as a form of nonconsensual contact in the offense of harassment by stalking.

Testimony in support of this measure was received from the Hawaii State Coalition Against Domestic Violence and Marvin S.C. Dang, LLLC.

These testifiers also submitted testimony on S.B. No. 2457, a comparable measure.

In testimony before this Committee, members have heard that since April 2007, a number of Hawaii attorneys received thousands of e-mails from an anonymous sender. The e-mails contain false, derogatory, and defamatory messages about specific attorneys and law offices, as well as politicians, and others. These e-mails were also being sent to people outside the legal community and falsely identified as coming from a specific attorney.

Your Committee finds that this measure will help to deter the use of e-mails to defame, harass, and intimidate people, but that the penalty may be too lenient. Your Committee further finds the classification of this offense as a class C felony is appropriate given that the actions of a perpetrator are so disruptive.

Your Committee has amended this measure by:

- (1) Incorporating the contents of S.B. No. 2457, which amends section 711-1106, Hawaii Revised Statutes, to provide that harassment includes all computer communications; and
- (2) Making harassment a class C felony.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2456, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2456, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (English).

SCRep. 2200 Health on S.B. No. 2742

The purpose of this measure is to ensure the continued provision of quality health care services at Maui Memorial Medical Center by authorizing the issuance of general obligation bonds in the amount of \$10,000,000 for the modernization of Maui Memorial Medical Center, including a new obstetrics and gynecology wing, additional operating rooms, and the relocation of psychiatric units.

Your Committee received testimony in support of this measure from Maui Memorial Medical Center.

Your Committee finds that the Maui Health Initiative Task Force reported to the Legislature the need for modernization of health care facilities at Maui Memorial Medical Center. This modernization will ensure the Maui community has continued access to up-to-date technology systems and facilities and culturally sensitive health care services.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2742 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Menor, Whalen).

SCRep. 2201 Health on S.B. No. 2741

The purpose of this measure is to ensure the continued provision of quality long-term health care services in Maui by authorizing the issuance of general obligation bonds in the amount of \$15,000,000 for the planning, design, development, and equipment for additional long-term care beds in the Maui region of the Hawaii Health Systems Corporation.

Your Committee received testimony in support of this measure from Maui Memorial Medical Center.

Your Committee finds that the Maui Health Initiative Task Force reported to the Legislature the need for more long-term care beds in the County of Maui. Your Committee further finds that the general obligation bonds authorized by this measure will help to plan, design, develop, and equip additional long-term care beds in the Maui region.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2741 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Menor, Whalen).

SCRep. 2202 Health on S.B. No. 2397

The purpose of this measure is to provide assistance to Castle Medical Center and one or more of its nonprofit affiliates, in the improvement of health care facilities.

Specifically, this measure authorizes the issuance of special purpose revenue bonds to assist Castle Medical Center, or its non-profit affiliates, to finance and refinance equipment purchases, and for the construction and improvement of health care facilities, including the following:

- (1) Remodeling and rebuilding existing health care facilities;
- (2) Constructing new health care facilities;
- (3) Purchasing new equipment;
- (4) Refinancing debt; and
- (5) Other related projects for Castle Medical Center and its affiliated nonprofit affiliations.

Your Committee received testimony in support of this measure from Castle Medical Center, the Healthcare Association of Hawaii, and one individual. The Department of Budget and Finance submitted comments on this measure.

Your Committee finds that providing financial support in the form of special purpose revenue bonds will ensure the continued provision of quality health service at Castle Medical Center. Your Committee further finds that special purpose revenue bonds are attractive to corporations because they reduce the cost of financing capital projects and are attractive to the State because they do not involve any expenditure of state revenues.

Your Committee has adopted the recommendations of the Department of Budget and Finance and amended this measure by inserting technical language regarding the lapsing on June 30, 2013 of the authorization to issue special purpose revenue bonds.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2397, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2397, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Menor, Whalen).

SCRep. 2203 Health on S.B. No. 2515

The purpose of this measure is to improve health care services at Moloka'i General Hospital by appropriating \$400,000 for the purchase of a new x-ray unit.

Your Committee received testimony in support of this measure from Moloka'i General Hospital and two individuals. The Department of the Attorney General submitted comments on this measure.

Your Committee finds that the x-ray unit that is currently being used at Moloka'i General Hospital is archaic and needs to be upgraded in order to provide quality health care service to the residents and visitors of the island of Moloka'i. Your Committee further finds that the appropriation should be issued as a grant pursuant to chapter 42F, Hawaii Revised Statutes, to achieve the purpose of this measure.

Your Committee has adopted the recommendations of the Department of the Attorney General and amended this measure by inserting language to clarify that the appropriation is in the form of a grant pursuant to chapter 42F, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2515, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2515, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Menor, Whalen).

SCRep. 2204 (Majority) Education on S.B. No. 2233

The purpose of this measure is to establish a global youth center under the University of Hawaii

Testimony in support of the measure was submitted by the University of Hawaii System, the East-West Center, Reford-McCandles International, The United Nations Association-Hawaii Division, the Children's Rights Council Commission on Fatherhood, and eleven individuals. Comments on the measure were also submitted by one individual.

Your Committee finds that the world in which we live is increasingly developing into a global community. Issues facing our society today span countries and cultures and require global thinking that addresses the needs and concerns of numerous diverse political, religious, economic, and socioeconomic views. Your Committee further finds that to achieve world peace, encourage productivity, and attain sustainability for future generations, collaborative efforts must be made now to educate and prepare the youth of the world. Accordingly, pursuant to House Concurrent Resolution No. 151, H.D. 1 (2005), the Legislature recognized the need for a Global Youth Center to provide a forum for youth to be educated about and address major global issues and further recognized the role that Hawaii should play in establishing such a center. This measure establishes the Global Youth Center in Hawaii to provide the framework for youth from around the world to become actively engaged in discussing issues related to and influencing the international community today. Your Committee determines that the Global Youth Center will provide Hawaii students, particularly public school students, opportunities to become more involved in international dialogue and interaction and greatly benefit the community at large.

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. 2233 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, 1 (Slom). Excused, 3 (Hee, Nishihara, Taniguchi).

SCRep. 2205 (Joint) Education and Economic Development and Taxation on S.B. No. 2689

The purpose of this measure is to appropriate funds to support science and technology resource needs within the Department of Education.

Testimony in support of the measure was submitted by the Department of Education; the Department of Business, Economic Development, and Tourism; and HiTech Quest.

Your Committees find that, in what is quickly becoming the global community in which we live, the disciplines of science, mathematics, engineering, and technology (STEM) have emerged as areas of great importance and need. The Legislature is committed to growing STEM education and a STEM-skilled workforce to meet the needs of our changing world. This commitment was solidified through the enactment of Act 111, Session Laws of Hawaii 2007, which established various programs and provided funding for STEM initiatives within the State. This measure provides necessary funding to continue to support STEM needs.

Your Committees believe that such funding is appropriate and demonstrates the State's continued commitment to facilitating and supporting STEM education in Hawaii. Testimony provided also indicated that the positions funded in this measure should be accountable to the State Specialist for Science Education and that the charter schools should also benefit from STEM funding. Your Committees concur with these recommendations.

Accordingly, your Committees have amended this measure by:

- (1) Requiring the positions established and funding provided in this measure for STEM education support needs to be administered under the direction of the State Specialist for Science Education;
- (2) Including a blank appropriation for science and technology initiatives in charters schools; and
- (3) Making a technical, nonsubstantive change for purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Education and Economic Development and Taxation that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2689, as amended herein, and recommend 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 Chairs on behalf of the Committees. Ayes, 9. Noes, none. Excused, 4 (Baker, English, Hee, Nishihara).

SCRep. 2206 (Joint) Education and Energy and Environment on S.B. No. 2571

The purpose of this measure is to require the Department of Education, in a partnership with the Department of Health, to establish a three-year food waste recycling pilot project within public school districts.

This measure also appropriates funds from the Environmental Management Special Fund for the pilot project.

Testimony in support of the measure was submitted by the Department of Education, Eco Feed, Inc., and one individual. Testimony in opposition to the measure was submitted by the Department of Health.

Your Committees find that environmental problems like global warming, hazardous waste disposal, loss of rain forests, acid rain, and the depletion of the ozone layer can seem insurmountable. However, state initiatives to help to address these problems can make a difference. Currently, waste disposal reduction is an issue of critical importance in this State. Waste reduction efforts, such as waste recycling, can make a difference not only throughout the State, but around the world by helping to preserve natural resources, saving energy, and adding value to our economy.

Waste recycling efforts, including food waste recycling, in the State should begin with the State serving as an example for the public at large, as well as businesses in the private sector. Public schools are a large contributor of food waste in Hawaii. Food waste recycling in Hawaii's public schools could positively impact our environment and reduce the schools' garbage bills. This measure establishes a three-year food waste recycling pilot project in one or more school districts in the State.

Your Committees received testimony which indicates that the current mandates imposed upon the Department of Health are already overtaxing the Environmental Management Special Fund. The addition of this pilot project may prove costly and overly burdensome. Your Committees believe in the merits of this measure, but are mindful of the Department of Health's concerns.

Accordingly, your Committees have amended this measure by:

- (1) Requiring the Department of Education, in partnership with the Department of Health, to establish a three-year food waste recycling pilot project in one or more schools, rather than one or more school districts;
- (2) Specifying that the Act shall be repealed on June 30, 2011; and
- (3) Making a technical, nonsubstantive change for purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Education and Energy and Environment that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2571, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2571, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 9. Noes, none. Excused, 4 (Hee, Ihara, Kokubun, Nishihara).

SCRep. 2207 (Joint) Education and Judiciary and Labor on S.B. No. 2879

The purpose of this measure is to establish a power of attorney for special education.

This measure also:

- (1) Establishes a process for the appointment of a surrogate decision maker for an adult student that lacks capacity;
- (2) Clarifies the authority of a guardian of an adult student; and
- (3) Appropriates funds for implementation of the Act.

Testimony in support of the measure was submitted by the State Council on Developmental Disabilities, the Disability & Communication Access Board, the Hawaii Disability Rights Center, the Special Education Advisory Council, the Community Children's Council Office, Family Voices of Hawaii, the Chapter 56/60 Community Workgroup, and four individuals. Testimony in opposition of the measure was submitted by the Department of Education. Comments on the measure were also submitted by the Judiciary.

Your Committees find that, in 2007, the Department of Education convened the Chapter 56/60 Community Workgroup to assist the Department in adopting administrative rules that would be in alignment with the reauthorization of the Individuals with Disabilities Act of 2004 (IDEA). Necessary changes of the administrative rules were to be considered for chapter 56, Hawaii Administrative Rules, with the new rules to be adopted as a new chapter 60, Hawaii Administrative Rules. Your Committees further find that the Community Workgroup considered input from interested parties and made several recommendations to the Department. This measure addresses the requirement of the IDEA that the states establish procedures for the appointment of a representative for a student who is incapable of making decisions or providing informed consent on education issues.

Testimony provided has indicated that the measure requires further consideration and attention to address the concerns raised by the Department and the interested parties. Your Committees believe that the stakeholders should continue to work toward resolution of existing issues to ensure that a less cost-prohibitive alternative to legal guardianship is established that will address the needs of adult students of varying capacity levels. Provisions must be crafted to address the entire spectrum of adult students to provide for their educational decision making needs, including adult students who maintain the capacity for decision making and may provide informed consent, adult students who have the capacity but cannot provide informed consent, and adult students who lack capacity and cannot provide informed consent.

Accordingly, your Committees have amended this measure by changing its effective date to July 1, 2050, to facilitate further discussion and to provide the interested parties the opportunity to continue to work together to develop an appropriate process.

As affirmed by the records of votes of the members of your Committees on Education and Judiciary and Labor that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2879, as amended herein, and recommend 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 Chairs on behalf of the Committees. Ayes, 7. Noes, none. Excused, 2 (Chun Oakland, Kokubun).

SCRep. 2208 Human Services and Public Housing on S.B. No. 2208

The purpose of this measure is to provide protections for a victim of domestic violence in rental housing.

Specifically, this measure allows victims of domestic violence to change the locks on their doors or terminate a lease, without penalty. Additionally, it provides that landlords may not discriminate based on domestic violence status.

Testimony in support of this measure was submitted by Legal Aid Society of Hawaii; Domestic Violence Action Center; Hawaii State Coalition Against Domestic Violence; Hawaii Women Work!; Na Loio, Immigrant Rights and Public Interest Law Center; Oahu VOICES; and one private citizen. Testimony in opposition to this measure was submitted by the National Association of Residential Property Managers. Comments were submitted by Hawaii Association of REALTORS.

Your Committee finds that as being able to change locks on a home or terminate a lease can be critical in ensuring safety for a victim of domestic violence, this measure supports the State's interest in providing protection for domestic violence victims.

As affirmed by the record of votes of the members of your Committee on Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2208 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Hooser, Sakamoto).

SCRep. 2209 Human Services and Public Housing on S.B. No. 3173

The purpose of this measure is to appropriate \$26,000,000 in general obligation bonds to finalize the sale of the Kukui Gardens Housing Project.

Testimony in support of this measure was submitted by the Department of Business, Economic Development and Tourism, Hawaii Housing Finance and Development Corporation; Hawaii Family Forum; the Roman Catholic Church in the State of Hawaii; and Faith in Action for Community Equity.

Your Committee finds that this measure is necessary in order to complete the structured transaction that will preserve a portion of Kukui Gardens as affordable rental housing.

Your Committee further finds that this measure will promote social justice by preserving affordable housing for people in need. This funding is required to reduce the debt service arising from Hula Mae Multi-Family revenue bonds that were issued to finance the purchase and rehabilitation of the state-owned portion of Kukui Gardens. Reduction in the debt service ensures affordable rents for low-income households over the long term.

As affirmed by the record of votes of the members of your Committee on Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3173 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Hooser, Sakamoto).

SCRep. 2210 Human Services and Public Housing on S.B. No. 3052

The purpose of this measure is to provide incentive for operators of community care foster family homes to make upgrades that will increase the capacity for cost-effective home and community-based services for elderly and disabled Medicaid clients.

Specifically, this measure establishes a program to provide grants up to a maximum of \$25,000 per recipient, to assist operators of community care foster family homes, to make the home upgrades necessary to accommodate up to three Medicaid clients in the home.

Testimony in support of this measure was submitted by the Department of Human Services.

Your Committee finds that this grant program will assist community care foster family homes in providing citizens in need of nursing home level of care with choices that allow them to receive that level of care in the community rather than in institutions.

Your Committee further finds that this program will ultimately support the deinstitutionalizing of elderly and disabled Medicaid clients from hospitals and into home and community-based services.

The Department of Human Services has suggested to your Committee several amendments for clarity.

Accordingly, your Committee has amended this measure by:

- (1) Requiring the time limit for various acts to be based on a time period determined by the award of the grant, rather than the actual completion of the home upgrades;
- (2) Amending the definition for “eligible upgrades” to include all safety measures; and
- (3) Including actions taken in order to accommodate a third client within the scope of the measure.

As affirmed by the record of votes of the members of your Committee on Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3052, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3052, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Hemmings).

SCRep. 2211 Human Services and Public Housing on S.B. No. 2219

The purpose of this measure is to extend post-partum and interconception care from eight weeks to six months for all women of childbearing age who participate in Hawaii’s QUEST program.

Testimony in support of this measure was submitted by the Hawaii Medical Service Association; Healthy Mothers Healthy Babies of Hawaii; the March of Dimes Foundation; and three private citizens. Comments were submitted by the Department of Human Services.

Your Committee finds that this measure will support the State’s interest in ensuring that women receive appropriate interconception care following a pregnancy.

The Hawaii Medical Service Association has suggested to your Committee that the language in the measure concerning the funding of services to QUEST members may be problematic, as there is no actual language requiring that funding be passed on to participating QUEST health plans to implement services.

Accordingly, your Committee has amended this measure by adding language to ensure that the Department of Human Services compensates the QUEST health plans for provided services.

As affirmed by the record of votes of the members of your Committee on Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2219, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2219, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Hemmings).

SCRep. 2212 Human Services and Public Housing on S.B. No. 2245

The purpose of this measure is to protect the children of Hawaii by prohibiting operators and adult passengers of motor vehicles from leaving the vehicle unattended with a child inside.

Specifically, this measure makes leaving an unattended child inside a vehicle for five minutes or more a violation of the statewide traffic code for which a violator may be fined. In addition, the measure requires that knowledge of the prohibition be tested on the driver’s license examination and that rental car companies provide notice of the prohibition to renters.

Testimony in support of this measure was submitted by the Office of the Governor; Department of Human Services; Department of the Prosecuting Attorney; Department of the Attorney General; and State Farm Mutual Automobile Insurance Company. Testimony in opposition to this measure was submitted by the Office of the Public Defender.

Your Committee finds that this measure supports the State’s general policy that children should not be left unattended in vehicles by giving law enforcement the ability take concrete action to protect a child left unattended inside a motor vehicle.

As affirmed by the record of votes of the members of your Committee on Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2245 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Hooser, Sakamoto).

SCRep. 2213 Human Services and Public Housing on S.B. No. 3058

The purpose of this measure is establish procedures whereby abused or neglected children can be placed by the Department of Human Services with caregivers who are not the child’s legal or physical custodian, under specified conditions.

Your Committee received testimony in support of this measure from the Department of Human Services. Comments were received from the Family Court.

This measure clarifies that our local customs of caring for children outside of the family home by relatives and friends and other diversion and supportive services are, where appropriate, available alternatives to the Department of Human Services and the court assuming custody of children. The federal Child and Family Services Review of Hawaii’s child welfare system recommends the use of

culturally sensitive and family strengthening diversion and other supportive services to improve the safety and well-being of children and families. This Act seeks to comply with the Child and Family Services Review's recommendations.

Under current law, the Department of Human Services is required to make assessments of the home of the child's legal guardian, which is presumed to be where the child in fact lives. However, oftentimes, the child lives with other people, in accord with the common local practice of "hanai". This measure allows for the continuation of that arrangement in the best interest of the child.

The paramount concern of your Committee is the welfare of the child. Alternative arrangements must be safe and appropriate for the child. The intent of your Committee is that the Department of Human Services comply with the intent of the Child Protective Act, as stated in section 587-1, Hawaii Revised Statutes, in pertinent part:

"The legislature finds that children deserve and require competent, responsible parenting and safe, secure, loving, and nurturing homes.... The policy and purpose of this chapter is to provide children with prompt and ample protection from the harms detailed herein, with an opportunity for timely reconciliation with their families if the families can provide safe family homes, and with timely and appropriate service or permanent plans to ensure the safety of the child so they may develop and mature into responsible, self-sufficient, law-abiding citizens."

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

As affirmed by the record of votes of the members of your Committee on Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3058, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3058, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Hemmings).

SCRep. 2014 Human Services and Public Housing on S.B. No. 2839

The purpose of this measure is to establish the public financial education and asset building task force to develop policy recommendations related to achieving financial goals for Hawaii families, and to make an appropriation therefor.

Your Committee received testimony in support of this measure from the Department of Human Services; Department of Budget and Finance; Hawai'i Alliance for Community-Based Economic Development; Legal Aid Society of Hawai'i; Aloha United Way; and Hawaii First Federal Credit Union.

Your Committee finds that for many Hawaii residents, the cost of purchasing a home, pursuing post-secondary education, and starting a business are becoming prohibitively expensive. Traditional public assistance programs where household income thresholds determine eligibility are not necessarily successful in supporting lower income families making the transition to increased economic self-sufficiency. Many of these traditional programs focus on obtaining and maintaining jobs, but penalize participants for accumulating what few assets they are able to afford. When income-based policies are coupled with asset-based policies, they provide a comprehensive means for lower income families to achieve greater financial independence and well-being.

To address this need, this measure establishes a joint legislative task force to convene a statewide task force on public financial education and asset building that would develop policy recommendations related to achieving financial goals for Hawaii families. Your Committee recommends to the Committee on Ways and Means that the appropriation be in the amount of \$250,000, which would be matched by private funds towards the total estimated cost of \$500,000.

Your Committee has amended this measure by making the appropriation subject to private matching funds, and making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2839, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2839, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Hemmings).

SCRep. 2215 Human Services and Public Housing on S.B. No. 2731

The purpose of this measure is to permit a child's grandparent to participate as a party at certain child protective hearings.

Testimony in support of this measure was submitted by the Department of Human Services, the Executive Office on Aging, Catholic Charities Hawaii, EPIC Ohana Conferencing, Foster Family Programs of Hawaii, Kokua Ohana Foster Family Liaison, Na Tutu Coalition, the Office of Hawaiian Affairs, and twenty-six private individuals. Oral testimony in support was given by, Parents for Righteousness, Partners in Development, Tutu and Me Traveling Preschool, and six private citizens. Comments on the measure were submitted by the Legal Aid Society of Hawaii.

Your Committee finds that grandparents play a unique and significant role in the lives of their grandchildren, and that it would benefit a grandchild who entered foster care if a preference were exercised in the grandparent's favor to become the child's foster parent. Your Committee also notes that wide community support was generated for this measure. Your Committee also notes that, in addition to grandparents, caregiving of a child in need of foster care is sometimes provided by a child's relative caregiver who is not the child's grandparent.

Accordingly, your Committee has amended this measure by:

- (1) Allowing relative caregivers as well as grandparents to participate as a party at certain child protective hearings;
- (2) Including an amendment to section 357-25(a), Hawaii Revised Statutes, to include as a guideline, attempts made to locate and identify extended family and/or friends, as one of the safe family home guidelines;
- (3) Requiring the Department of Human Services to certify to the court its attempts to locate and identify relative caregivers; 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 Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2731, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2731, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Hooser).

SCRep. 2216 Human Services and Public Housing on S.B. No. 3051

The purpose of this measure is to authorize the Department of Human Services, or its designee, to conduct criminal history records checks for those providing services to vulnerable adults and children.

Your Committee received testimony in support of this measure from the Department of Human Services, Office of Youth Services, and the Maui County Executive on Aging.

This measure authorizes a "designee" of the Department of Human Services to conduct the criminal history records checks. The tremendous rise in requests for criminal history records checks necessitates that the Department act more expeditiously in making checks. This measure allows the Department to contract for those services, thus freeing up personnel to do the core work of the Department.

Your Committee has amended this measure by making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3051, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3051, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Hemmings).

SCRep. 2217 Human Services and Public Housing on S.B. No. 2758

The purpose of this measure is to require the Auditor to perform a financial and management audit of the Hawaii Disability Rights Center to protect its vulnerable clientele and to ensure that state funds are being spent in accordance with applicable laws, and to make an appropriation therefor.

Your Committee received testimony in support of this measure from eleven individuals. Testimony in opposition was received from the Hawaii Disability Rights Center and two individuals.

Your Committee finds that there is an ongoing dispute as to whether the law that provides the Hawaii Disability Rights Center access to records overrides the privacy rights of persons receiving services and their families, with or without the appropriate waivers of these privacy rights, and, if so, what justification is necessary for the Center to demand access to records of persons with disabilities. Providers of services to individuals with disabilities are uncertain as to their obligation to disclose patient records to an entity such as the Hawaii Disability Rights Center. Concerns have been raised about the Center's approach to resolving the conflict between a patient's right to privacy and its need for access to the patient and the patient's records.

The Hawaii Disability Rights Center receives state moneys as well as federal funding. As such, the Center is subject to an audit by the Auditor. The Center has never been the subject of such an audit.

Your Committee has amended this measure by requiring the Auditor to perform an audit of the Hawaii Disability Rights Center not less than once every seven years, and making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Human Services and Public Housing 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 Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Hooser, Sakamoto).

SCRep. 2218 (Joint) Health and Education on S.B. No. 2673

The purpose of this measure is to ensure the continuation of cancer research in Hawaii by supporting the expansion and financial viability of the Cancer Research Center of Hawaii.

Specifically, this measure authorizes the use of deposits to the Hawaii Cancer Research Special Fund for operating expenses and capital expenditures of the Cancer Research Center of Hawaii. This measure further provides the Cancer Research Center of Hawaii with the ability to develop other sources of revenue to finance its program requirements.

Your Committees received testimony in support of this measure from the University of Hawai'i System.

Your Committees find that the increasing number of cancer patients has amplified the need for expanded cancer research in Hawaii. Your Committees further find that the additional sources of revenue authorized by this measure are needed to ensure that the Cancer Research Center of Hawaii will be adequately funded.

Your Committees amended this measure by making technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Health and Education that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2673, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2673, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 12. Noes, none. Excused, 1 (Hee).

SCRep. 2219 (Joint) Water and Land and Intergovernmental and Military Affairs on S.B. No. 2525

The purpose of this measure is to appropriate matching funds to the Department of Land and Natural Resources to allow the County of Kauai to acquire a safe public right of access to Haena Beach Park.

Testimony in support of this measure was submitted by the Department of Land and Natural Resources and one individual.

Your Committees find that Haena, Kauai has been identified by the Department of Land and Natural Resources as having a high statewide significance. The ahupuaa of Haena has been designated as a community based subsistence fishery management area. Access Road "E" abuts and provides access to traditional fishing grounds and the community based subsistence fishery management area. Lateral access to Haena Beach Park from Access Road "E" has traditionally been provided across the shoreline. However, the topography of this traditional access is unsafe during normal high wave activity of the annual winter season. It is further becoming unsafe as a result of erosion and development activity along the Haena coast.

Your Committees amended this measure by making a technical, nonsubstantive amendment for the purpose of clarity.

As affirmed by the records of votes of the members of your Committees on Water and Land and Intergovernmental and Military Affairs 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 referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 6. Noes, none. Excused, 2 (Fukunaga, Tsutsui).

SCRep. 2220 Health on S.B. No. 3130

The purpose of this measure is to reduce the nursing shortage in the State by providing an additional means by which a student may qualify for licensure as a registered nurse.

Specifically, this measure allows a master's degree candidate in a nursing program, who has completed the pre-licensure component of the program, to apply for a license by examination to practice as a registered nurse.

Your Committee received testimony in support of this measure from the School of Nursing and Dental Hygiene of the University of Hawai'i at Manoa, the Hawaii State Center for Nursing, Hawaii Government Employees Association, and two individuals. The Board of Nursing submitted testimony in support of this measure with an amendment.

Your Committee finds that by providing an additional avenue for licensure to practice as a registered nurse, the State's nursing shortage will be reduced. Your Committee further finds that the Board of Nursing has existing statutory authority to adopt rules pursuant to chapter 91, Hawaii Revised Statutes, and that this provision in the measure is redundant and therefore unnecessary.

Your Committee amended this measure on the recommendation of the Board of Nursing by deleting the provision requiring rules to be adopted pursuant to chapter 91, Hawaii Revised Statutes.

Your Committee further amended this measure by making technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Health 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 Second Reading in the form attached hereto as S.B. No. 3130, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Affordable Housing.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, none.

SCRep. 2221 Health on S.B. No. 2104

The purpose of this measure is to encourage and register more people to serve as organ donors and save lives of critically ill patients who need organ transplants.

Specifically, this measure appropriates funds to establish a statewide organ donor registry.

Your Committee received testimony in support of this measure from the Organ Donor Center of Hawaii; Hawaii Coalition on Donation; Case Management Professionals, Inc.; and one individual. The Department of Health submitted testimony in support of the intent of this measure.

Your Committee finds that the majority of states have already passed similar legislation to address the critical shortage of organs for transplantation. Your Committee further finds that establishing an organ donor registry in Hawaii will centralize organ donation information, streamline the registration process, and help to save the lives of those in need of an organ donation.

As affirmed by the record of votes of the members of your Committee on Health 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 Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, none.

SCRep. 2222 Health on S.B. No. 2622

The purpose of this measure is to support public health and safety by implementing rapid response procedures for victims of cardiac arrest.

Specifically, this measure appropriates funds for an automated external defibrillator for each floor of the State Capitol building.

Your Committee received testimony in support of this measure from the American Heart Association and the Automated External Defibrillator Institute of America. The Department of Health submitted testimony in support of the intent of this measure.

Your Committee finds that sudden cardiac arrest is a life-threatening public health crisis for which rapid response procedures, including early defibrillation, are critical to survival. Your Committee further finds that providing for the installation and training of automated external defibrillators in the State Capitol building will set an excellent example for other businesses and organizations in the State to follow.

Your Committee amended this measure by clarifying that an appropriate number of automated external defibrillators should be provided for in addition to training of all State Capitol employees.

As affirmed by the record of votes of the members of your Committee on Health 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 Second Reading in the form attached hereto as S.B. No. 2622, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, none.

SCRep. 2223 Transportation and International Affairs on S.B. No. 520

The purpose of this measure is to establish a peace mission committee within the Office of International Affairs to plan and implement peace missions to other nations and organizations and to appropriate funds for the work of the peace mission committee.

Testimony in support of this measure was received from the Department of Business, Economic Development, and Tourism and the Hawaii Lions Clubs.

Your Committee would also note that in a hearing on January 30, 2008, your Committee received testimony on S.B. No. 2267, and the contents of that bill are identical to this measure. In addition to the testimony listed above, your Committee would like to reflect supportive testimony on the subject matter from the United Nations Association of the United States of America, Hawaii Division; the Department of Education; and one individual.

Your Committee is equally supportive of this measure and finds that the peace mission committee will provide additional opportunities for the Office of International Affairs to interact with other nations and international organizations in a positive manner.

As affirmed by the record of votes of the members of your Committee on Transportation and International Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 520, S.D. 1, and recommends that it be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, 1 (Gabbard).

SCRep. 2224 Commerce, Consumer Protection and Affordable Housing on S.B. No. 2313

The purpose of this measure is to provide consumers greater protection against insurance fraud.

Specifically, this measure provides the following:

- (1) Repeals the existing law relating to the Insurance Fraud Investigations Unit and establishes a new Insurance Fraud Investigations Branch to investigate and prosecute all lines of insurance fraud, except for workers' compensation claims;
- (2) Expands administrative, civil, and criminal penalties for offenses of insurance fraud in all lines of insurance, except for workers' compensation claims, and for different types of insurance fraud, including fraudulent applications and sales; and
- (3) Deposits all fines and settlements resulting from successful insurance fraud prosecutions into the Compliance Resolution Fund to assist the Insurance Fraud Investigations Branch to cover its operational expenses.

Testimony in support of this measure was submitted by the Department of Commerce and Consumer Affairs, the National Association of Insurance and Financial Advisors, the American Council of Life Insurers, the Hawaii Medical Service Association, the Hawaii Association of Health Plans, and the State Farm Insurance Companies.

Currently, the jurisdiction of the Insurance Fraud Investigations Unit of the Department of Commerce and Consumer Affairs is governed by section 431:10C-307.8, Hawaii Revised Statutes, and due to its placement in article 10C, the Insurance Fraud Investigations Unit's jurisdiction is limited to motor vehicle insurance fraud. This placement causes confusion and may prompt arguments by defense counsel that the Insurance Fraud Investigations Unit lacks the authority to prosecute all lines of insurance fraud, which was the original intent in establishing the Investigations Unit. Your Committee finds that allowing the Insurance Division of the Department of Commerce and Consumer Affairs to pursue fraud in any line of insurance, except workers' compensation claims, will ultimately result in a reduction in premiums for Hawaii residents.

Your Committee believes that expanding the jurisdiction of the Insurance Fraud Investigations Unit to prosecute all lines of insurance fulfills the intent of this measure, which is to provide consumers greater protection against insurance fraud.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2313 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 2 (Ihara, Sakamoto).

SCRep. 2225 Commerce, Consumer Protection and Affordable Housing on S.B. No. 3197

The purpose of this measure is to ensure that immigrants receive proper immigration services and consultation by prohibiting individuals without training or experience in immigration law from rendering advice to immigrants regarding their immigration issues.

Testimony in support of this measure was submitted by Catholic Charities of Hawaii and one private individual.

Your Committee finds that immigrants in Hawaii sometimes fall prey to notary publics or travel agents who assist them in their immigration matters, only to receive poor, inaccurate, or unqualified advice. Prohibiting individuals without training or experience in immigration law from rendering advice on immigration matters will provide a safeguard for immigrants who are in the immigration process.

Testimony indicates that nonprofit, religious, charitable, social service, or similar organizations recognized by the U.S. Department of Justice, Board of Immigration Appeals may apply for the accreditation of individuals of good moral character as its representatives. These accredited individuals are authorized to provide limited representation of an organization's clients before the Department of Homeland Security's Citizenship and Immigration Service and before the Board of Immigration Appeals, which includes practice before immigration judges. These accredited individuals serve a vital need in the immigration community, especially when individuals and their families do not have sufficient funds to afford the services of an immigration attorney.

Accordingly, your Committee has amended this measure by:

- (1) Adding individuals who are accredited by the Board of Immigration Appeals as persons exempt from the prohibition; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee believes that prohibiting individuals without training or experience in immigration law from rendering advice to immigrants regarding their immigration issues fulfills the intent of this measure, which is to ensure that immigrants receive proper immigration services and consultation.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3197, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3197, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 3 (Ige, Ihara, Taniguchi).

SCRep. 2226 Commerce, Consumer Protection and Affordable Housing on S.B. No. 3021

The purpose of this measure is to provide protections for terminally or chronically ill consumers and healthy, elderly consumers who wish to sell their insurance policies to third party brokers in return for a portion of the death benefit.

Specifically, this measure provides the following:

- (1) Authorizes the Insurance Commissioner to license persons working in the viatical settlements industry, including the authority to examine the business and affairs of any licensed viatical settlement provider or broker;
- (2) Regulates and combats viatical fraud and provides administrative and criminal penalties for violations;
- (3) Provides various consumer protections, such as the requirement to disclose to consumer possible alternatives to viatical settlement contracts, and information regarding tax consequences and the right of the viator to rescind the viatical settlement contract;
- (4) Requires the filings of viatical settlement promotional, advertising, and marketing materials with the Insurance Commissioner;
- (5) Protects the viator's identity and privacy; and
- (6) Imposes a five-year prohibition on settling a life insurance policy to force investors to wait a longer period of time before being able to own the policy.

Testimony in support of this measure was submitted by the Department of Commerce and Consumer Affairs, the National Association of Insurance and Financial Advisors, the Life Settlements Institute, and the American Council of Life Insurers.

A viatical settlement is the sale of a life insurance policy by the policy owner for an immediate cash benefit. It is a tool that typically can provide the policy owner who sells the policy with more funds than could have been realized if the policy had been surrendered to the insurer. These transactions usually involve terminally or chronically ill individuals (the viator) who want to sell their insurance policy to a third party or secondary market, in return for a portion of the death benefit. Your Committee finds that this measure, which adopts the National Association of Insurance Commissioners' Viatical Settlements Model Act, will provide added protections for insureds who may be enticed into viatical settlements and face unexpected taxes, transaction fees, loss of insurance capacity, legal costs, and loss of privacy with respect to their medical records.

Concerns were raised regarding the imposition of a five-year prohibition on settling of a life insurance policy. Regardless of the number of years, your Committee believes that a waiting period on settling a life insurance policy will force investors to wait a longer period of time before being able to own the policy, which makes the transaction less attractive as an investment. Your Committee recognizes that purchasing life insurance as an investment is counter to the purpose of acquiring life insurance.

Accordingly, your Committee has amended this measure by:

- (1) Inserting an effective date of July 1, 2050, to ensure continued discussion on this issue by the Committee on Judiciary and Labor; and

- (2) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee believes that this measure, as amended, fulfills the intent of this measure, which is to provide protections for terminally or chronically ill consumers and healthy, elderly consumers who wish to sell their insurance policies to third party brokers in return for a portion of the death benefit.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3021, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3021, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 2 (Ihara, Sakamoto).

SCRep. 2227 Commerce, Consumer Protection and Affordable Housing on S.B. No. 3008

The purpose of this measure is to streamline and update the Code of Financial Institutions under chapter 412, Hawaii Revised Statutes by eliminating obsolete requirements and improving the procedures for the licensing and regulation of financial institutions in Hawaii by the Department of Commerce and Consumer Affairs, Division of Financial Institutions.

Specifically, this measure amends the Code of Financial Institutions by:

- (1) Reducing regulatory burden;
- (2) Providing clarification;
- (3) Providing flexible regulation;
- (4) Providing further protection for consumers; and
- (5) Making technical amendments.

Testimony in support of this measure was submitted by the Department of Commerce and Consumer Affairs and the Hawaii Financial Services Association. First Hawaiian Bank submitted comments.

Your Committee finds that amending the Code of Financial Institutions under chapter 412, Hawaii Revised Statutes, will reduce regulatory burden where significant consumer interests are not adversely affected; update the Code to recognize changes in the industry and make desirable clarifications to the statutes; provide more flexibility in supervising and regulating the industry; ensure adequate protection for the consumer; and make technical amendments of a "housekeeping" nature. However, testimony indicates concerns regarding the wording of the requirement to display a financial services loan company's license in a conspicuous location at each place of the business to enhance consumer confidence and protection. Furthermore, testimony indicates concerns regarding permitting the Commissioner to examine a financial institution holding company without a prerequisite finding that there is cause to believe that a holding company is experiencing adversity.

Accordingly, your Committee has amended this measure by:

- (1) Adopting language from the Division of Financial Institutions that clarifies the wording of the requirement to display a financial services loan company's license in a conspicuous location at each place of the business;
- (2) Adopting language from the Division of Financial Institutions that clarifies the examination of a financial institution holding company without a prerequisite finding that there is cause to believe that a holding company is experiencing adversity;
- (3) Changing the effective date of this measure from effective upon its approval to effective on July 1, 2008; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee believes that this measure, as amended fulfills the intent of this measure, which is to streamline and update the Code of Financial Institutions under chapter 412, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3008, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3008, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 3 (Ige, Ihara, Taniguchi).

SCRep. 2228 Commerce, Consumer Protection and Affordable Housing on S.B. No. 3007

The purpose of this measure is to correct a notable ambiguity in the law governing trade names by clarifying ownership rights and registration rights with respect to trade names.

Specifically, this measure:

- (1) Lays out the "confusingly similar" standard with respect to ownership rights and the "substantially similar" standard" with respect to registration rights, and clarifies the manner in which each standard relates to the appeal of a registered trade name or entity name;
- (2) Clarifies and corrects inconsistencies, ambiguities, and errors under chapter 482, Hawaii Revised Statutes; and
- (3) Revises the penalties for false filings to the Director of Commerce and Consumer Affairs, and clarifies that aggrieved filers may seek injunctive relief in a court of competent jurisdiction.

Testimony in support of this measure was submitted by the Business Registration Division, Department of Commerce and Consumer Affairs; and the Office of Administrative Hearings, Department of Commerce and Consumer Affairs.

There has been an increase in the number of trade name cases filed with the Office of Administrative Hearings at the Department of Commerce and Consumer Affairs as more and more businesses look to the Department to resolve their trade name disputes. Your Committee finds that inconsistencies and ambiguities with respect to chapter 482, Hawaii Revised Statutes, relating to the registration and protection of trademarks deserve clarification for more efficient implementation.

Your Committee has amended this measure by making technical, nonsubstantive amendments to correctly reflect the language in the Hawaii Revised Statutes and to add missing statutory language.

Your Committee believes that clarifying ownership rights and registration rights with respect to trade names fulfills the intent of the measure, which is to correct a notable ambiguity in the law governing trade names.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3007, as amended herein, and recommends 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 Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, 1 (Ihara).

SCRep. 2229 (Majority) Commerce, Consumer Protection and Affordable Housing on S.B. No. 2627

The purpose of this measure is to further aid in the deterrence of copper theft by establishing additional requirements for scrap dealers and recyclers when paying for copper purchases.

Specifically, this measure requires scrap dealers and recyclers to:

- (1) Pay for copper by check;
- (2) Issue the check payable to the name of the seller; and
- (3) Mail the check to the address shown on the identification of the seller, or arrange for a personal pick-up of the check, after a specified wait period.

Testimony in support of this measure was submitted by the Police Department, City and County of Honolulu. Testimony in opposition to this measure was submitted by Reynolds Recycling.

Your Committee finds that copper theft continues to be a serious problem, inasmuch as copper thieves illegally traffic in stolen copper as a ready source of cash. Discouraging copper thieves from selling stolen copper to scrap dealers would reduce the incidence of copper theft in Hawaii. Testimony indicates that requiring scrap dealers and recyclers to hold checks for at least twenty-one days is inappropriate and would cause an unnecessary burden on recyclers and their customers.

Accordingly, your Committee has amended this measure by:

- (1) Deleting the requirement for scrap dealers and recyclers to hold a check for payment of copper to a seller for at least twenty-one days from the date of the sale of the copper; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee believes that establishing additional requirements for scrap dealers and recyclers when paying for copper purchases fulfills the intent of this measure, which is to further aid in the deterrence of copper theft.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2627, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2627, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, 1 (Trimble). Excused, 3 (Ige, Ihara, Taniguchi).

SCRep. 2230 Commerce, Consumer Protection and Affordable Housing on S.B. No. 2782

The purpose of this measure is to aid in the deterrence of criminal activity by including the theft of beer kegs in laws intended to prevent theft and resale of copper.

Testimony in support of this measure was submitted by the Anheuser Busch Companies.

The theft of beer kegs has become a problem in recent years. Testimony indicates that the beer industry loses over 300,000 kegs per year, which equals approximately \$15,000,000, due to the theft and resale of beer kegs. Beer kegs or stainless steel beverage containers are one hundred per cent recyclable; thus, making these containers attractive for individuals for redemption into cash. Your Committee finds that including the theft of beer kegs in laws intended to prevent theft and resale of copper will deter the theft of stainless steel beverage containers.

Your Committee has amended this measure by:

- (1) Deleting references to beer kegs and replacing it with the term, "stainless steel beverage containers";
- (2) Adding a definition for "stainless steel beverage containers" under section 445-231, Hawaii Revised Statutes, relating to scrap dealers, and exempting these containers as a deposit beverage container under the Deposit Beverage Container Program under chapter 342G, part VIII, Hawaii Revised Statutes;

- (3) Inserting an effective date of July 1, 2008 with a repeal date of July 1, 2010; and
- (4) Making technical, nonsubstantive amendments for the purpose of clarity and style.

Your Committee believes that including the theft of stainless steel beverage containers in laws intended to prevent theft and resale of copper fulfills the intent of this measure, which is to aid in the deterrence of criminal activity.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2782, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2782, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 3 (Ige, Ihara, Taniguchi).

SCRep. 2231 Commerce, Consumer Protection and Affordable Housing on S.B. No. 2893

The purpose of this measure is to provide fair and appropriate accountability of design professionals by allowing design professionals to be liable for only the percentage share of the damages attributable to the design professional for tort claims except when the design professional's degree of negligence is twenty-five per cent or more.

Testimony in support of this measure was submitted by MK Engineers, Ltd.; Engineering Solutions, Inc.; the American Society of Civil Engineers; KAI Hawaii, Inc.; the American Institute of Architects Hawaii State Council; the Coalition of Hawaii Engineering and Architectural Professionals; Pacific Geotechnical Engineers, Inc.; Austin, Tsutsumi & Associates, Inc.; Masa Fujioka & Associates; Consulting Structural Hawaii, Inc.; Gray, Hong, Nojima & Associates; Bills Engineering, Inc.; the Limtiaco Consulting Group; the American Council of Engineering Companies; Kauahikaua and Chun Architects; and one private individual. Testimony in opposition to this measure was submitted by the Hawaiian Electric Company and the Consumer Lawyers of Hawaii.

Your Committee finds that the potential liability with respect to the work of design professionals may be substantial and expensive. Design professionals are aware of their responsibility to prepare designs and supervise the construction of safe and secure facilities, and should they be negligent in their work, they must bear the responsibility for those faults. However, testimony indicates that design professionals are subjected to unfair judgments and settlements, which raises their insurance premiums. Allowing design professionals to be liable for only the percentage share of damages attributable to the design professional in tort claims except when the design professional's degree of negligence is twenty-five per cent or more, will provide fairness in the allocation of risk.

Your Committee has amended this measure by:

- (1) Inserting an effective date of July 1, 2050, to ensure further discussion on this issue by the Committee on Judiciary and Labor; and
- (2) Making technical, nonsubstantive amendments for the purposes of style and clarity.

Your Committee believes that this measure, as amended, fulfills the intent of this measure, which is to provide fair and appropriate accountability of design professionals.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2893, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2893, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 5. Ayes with Reservations, 2 (Taniguchi, Trimble). Noes, none. Excused, 2 (Ihara, Sakamoto).

SCRep. 2232 Commerce, Consumer Protection and Affordable Housing on S.B. No. 2896

The purpose of this measure is to reduce and deter unlicensed contractor activity in the State by prohibiting the resumption of work for any contractor who is issued a citation for operating without a license until a hearing is conducted, and providing a \$10,000 per day fine for operating without a license.

Testimony in support of this measure was submitted by the Iron Workers Stabilization Fund. Testimony in opposition to this measure was submitted by the Subcontractors Association of Hawaii. The Department of Commerce and Consumer Affairs submitted comments.

Your Committee finds that licensing requirements relating to contractors protects consumers from unlicensed work. Testimony indicates concerns that out of scope work may prove cumbersome to define and implement as the scope of licensed activity may not be clear; thus, unintentionally resulting in licensed contractors being charged with unlicensed activity. Furthermore, the Regulated Industries Complaints Office of the Department of Commerce and Consumer Affairs indicated concerns that the \$10,000 per day fine may be deemed excessive, and establishes duplicative fines as fines are already set forth under section 444-23(c), Hawaii Revised Statutes.

Accordingly, your Committee has amended this measure by:

- (1) Clarifying that unlicensed contractor shall be issued citations for performing work without having a license in good standing with the requirements of and rules adopted pursuant to chapter 444, Hawaii Revised Statutes;
- (2) Deleting the \$10,000 per day fine for unlicensed contractor activity; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee believes that this measure, as amended, fulfills the intent of this measure, which is to reduce and deter unlicensed contractor activity in the State.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2896, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2896, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 3 (Ige, Ihara, Taniguchi).

SCRep. 2233 Commerce, Consumer Protection and Affordable Housing on S.B. No. 2958

The purpose of this measure is to implement statewide wireless enhanced 911 services at reduced expense to the public by reducing the surcharge imposed on every commercial mobile radio service connection for the Wireless Enhanced 911 Fund.

Testimony in support of this measure was submitted by the Department of Accounting and General Services.

Wireless enhanced 911 services are available through all carriers on all islands, except for the island of Molokai, which has one wireless carrier remaining to be implemented. The amount of funds required to implement phases I and II of the wireless enhanced 911 services is less than originally forecasted. Because certain wireless service providers have chosen not to seek reimbursement for wireless 911 deployment costs from the Wireless Enhanced 911 Fund, your Committee finds that reducing the surcharge imposed on every commercial mobile radio service connection will reimburse the public. Your Committee notes that the reduction in the surcharge amount will take into account the amount of funds needed to complete statewide deployment, operate, and maintain the wireless enhanced 911 systems, and allow for future enhancements to the system due to technological advancements.

Thus, your Committee has only amended this measure to make technical, nonsubstantive amendments for the purpose of clarity and style.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing 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 referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 3 (Ige, Ihara, Taniguchi).

SCRep. 2234 Commerce, Consumer Protection and Affordable Housing on S.B. No. 3011

The purpose of this measure is to increase the effectiveness of the Compliance Resolution Fund by amending the formula used to determine the assessment amount to the Compliance Resolution Fund that should be made by insurers regulated under the Insurance Code.

Testimony in support of this measure was submitted by the Department of Commerce and Consumer Affairs and State Farm Insurance Companies. Testimony in opposition to this measure was submitted by the Hawaii Insurers Council. The American Council of Life Insurers submitted comments.

The Compliance Resolution Fund is used to fund, among other things, the operations of the Insurance Division of the Department of Commerce and Consumer Affairs. Under current law, the Insurance Commissioner is authorized to assess insurers to the extent the proposed fiscal budget exceeds the cash balance at the end of the prior fiscal year after deducting other anticipated revenues. This entails that the Insurance Division manage its budget to achieve zero funds in reserve at the end of each fiscal year. Although the fiscal year closes on June 30, the prior fiscal year's ending cash balance is not known until a few months later, which results in a cash shortfall in the first quarter of the fiscal year.

Your Committee finds that it is impossible for the Insurance Division to continue operations if it is unable to assess until there is a zero cash balance on June 30 as the Insurance Division requires cash on hand on July 1 of the next fiscal year to fund payroll and ongoing expenses. Basing the assessment calculation of 125 per cent of the proposed fiscal budget will allow for sufficient reserve to fund operational needs during the first quarter of the fiscal year and provide funds for continued operation of the Insurance Division until fees and assessments for the new fiscal year are received.

In light of the testimony from the Hawaii Insurers Council indicating opposition to assessing the insurance industry twenty-five per cent more than the budget ceiling approved by the Legislature, your Committee has inserted an effective date of July 1, 2050 to ensure continued dialogue on this issue by the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3011, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3011, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Ayes with Reservations, 2 (Espero, Taniguchi). Noes, none. Excused, 2 (Ihara, Sakamoto).

SCRep. 2235 Commerce, Consumer Protection and Affordable Housing on S.B. No. 3030

The purpose of this measure is to properly and effectively implement the regulation, licensing, and oversight of mixed martial arts contests by establishing a fee structure to fund mixed martial arts licensing program.

Specifically, this measure:

- (1) Increases the percentage imposed on gate receipts of professional mixed martial arts contests to cover the administrative costs of managing the program once regulation begins on July 1, 2009;

- (2) Allows the Department of Commerce and Consumer Affairs to impose an additional surcharge on promoters to cover projected start-up expenses for fiscal years 2007-2008 and 2008-2009; and
- (3) Clarifies that the two per cent of the gross receipts from subscription or admission fees for simultaneous telecasts of a contest or event allowed under Act 279, Session Laws of Hawaii 2007, also applies to pay-per-view telecasts and is not restricted to telecasts in Hawaii.

Testimony in support of this measure was submitted by the Department of Commerce and Consumer Affairs.

The Auditor conducted a sunrise analysis regarding the regulation of mixed martial arts contests and as a result, the Legislature enacted Act 279, Session Laws of Hawaii 2007. While Act 279 outlined the licensing regulatory scheme for mixed martial arts contests, promoters, and contest participants, and set forth numerous other provisions relating to regulating mixed martial arts, it failed to provide the Department of Commerce and Consumer Affairs with general funds to support effective start-up and implementation of this complex licensing program. Your Committee finds that establishing a fee structure to fund mixed martial arts regulation will enable the Department to support and implement the mixed martial arts licensing program.

Your Committee has amended this measure by:

- (1) Inserting an effective date of July 1, 2050 to ensure further discussion and input regarding the proposed fee structure by the Committee on Ways and Means; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee believes that this measure, as amended, fulfills the intent of this measure, which is to properly and effectively implement the regulation, licensing, and oversight of mixed martial arts contests.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3030, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3030, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Ayes with Reservations, 1 (Trimble). Noes, none. Excused, 3 (Ige, Ihara, Taniguchi).

SCRep. 2236 (Joint) Economic Development and Taxation and Education on S.B. No. 3168

The purpose of this measure is to:

- (1) Establish the Academy for Creative Media (ACM) program in statute under the University of Hawai'i at West Oahu; and
- (2) Amend Act 11, Special Session Laws of Hawaii 2007, to delete all references to a lease agreement with PBS Hawaii, and to delete the references to equipment and installation in the appropriation section.

Testimony in support of this measure was received from the Department of Education; Ho'opili, D.R. Horton, Schuler Division; Kapolei Property Development; Watanabe Ing & Komeiji; and five individuals. The University of Hawai'i System testified in opposition. The Department of Business, Economic Development, and Tourism submitted comments.

Your Committees are considering two related issues as a result of the discussions on this measure – sustained support for a successful University program and the significant contributions that the long-anticipated West Oahu campus will have for the State's economy. Your Committees acknowledge that the priority mission of the University of Hawai'i is to provide excellent post secondary education to our young adults. But members are in agreement with the testimony of community members who believe the mission should also include the University's contribution to the proper planning and growth in the State. A permanent University of Hawai'i West Oahu campus in Kapolei, and establishing the ACM program at the campus fulfills both goals.

Your Committees cite the history of the initiative to establish a West Oahu campus – to serve not only as a University facility in the Leeward area, but also as a central hub in a growth area designed to support a broad range of 21st century development and jobs, such as creative media, high technology and alternate energy ventures, and dual use and science-technology applications.

With a new film-production facility planned for the Kapolei industrial area, and the recent announcement of a Disney-owned hotel complex within the Ko Olina Resort complex, your Committees believe the time has come for the University of Hawai'i West Oahu to take its place as the center of Hawaii's creative media industry. The convergence of these developments and the growing number of K-12 students excelling in digital media production in Leeward and Central Oahu means that it is finally time for this vision to become a reality when the new campus is scheduled to open in Kapolei in fall 2009.

Your Committees find the response to this measure by the University of Hawai'i System troubling, in that it focuses on the role of the Board of Regents as sole determiner of the placement of an academic program. Your Committees would remind the University that the Legislature also exercises authority over programming and facility decisions by virtue of its power to appropriate funds, and pursuant to article X, section 6, of the State Constitution, the Legislature shall have the exclusive jurisdiction to identify laws of statewide concern.

Your Committees have amended this measure by:

- (1) Adding language in the findings and purpose section related to the siting of the school as a cornerstone of the State's development of the Kapolei-West Oahu region as a hub of Hawaii's creative media industry;
- (2) Adding qualifications and responsibilities required for the head of the ACM;

- (3) Amending Act 11, Special Session Laws of Hawaii 2007, to delete the majority of the findings and purpose language in section 2, as this is duplicative of the findings and purpose in this measure; and
- (4) Inserting a proviso in the appropriation that no funds shall be expended unless the ACM is permanently established at and administered by the University of Hawai'i at West Oahu.

As affirmed by the records of votes of the members of your Committees on Economic Development and Taxation and Education that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3168, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3168, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 10. Ayes with Reservations, 1 (Taniguchi). Noes, none. Excused, 3 (Baker, English, Hee).

SCRep. 2237 Agriculture and Hawaiian Affairs on S.B. No. 3042

The purpose of this measure is to authorize the Department of Agriculture to negotiate the lease rent for use of the Animal Quarantine Station located in Halawa Valley on Oahu.

Testimony in support of this measure was submitted by the Department of Agriculture and Hawaiian Humane Society. Testimony in opposition to this measure was submitted by Animal CARE Foundation.

Your Committee finds that removing the requirement that the Animal Quarantine Station be leased for fair market value will allow the Department of Agriculture to negotiate with qualified organizations to lease the Animal Quarantine Station that may not otherwise be able to operate the facility in an economically viable manner.

As affirmed by the record of votes of the members of your Committee on Agriculture and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3042 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, none.

SCRep. 2238 Agriculture and Hawaiian Affairs on S.B. No. 2518

The purpose of this measure is to provide funding for 'E kūpaku ka 'āina – The Hawaii Land Restoration Institute for:

- (1) Laboratory costs and compensation for taro farmers conducting experiments to improve and protect taro; and
- (2) Documentation of and outreach for taro farmer-developed organic cover crop control practices on Kauai.

Testimony in support of this measure was submitted by the Department of Agriculture, Office of Hawaiian Affairs, Hawaii Farm Bureau Federation, Hawaii Crop Improvement Association, The Nature Conservancy of Hawai'i, 'E kūpaku ka 'āina, Waioli Farm, Onipaa Na Hui Kalo, and four individuals. Testimony in opposition to this measure was submitted by the Department of Land and Natural Resources.

Your Committee finds that Senate Concurrent Resolution No. 206, 2007 (S.C.R. No. 206), recognized the need to develop a taro security and research program to ensure that taro can be saved and protected from natural attack of pests and diseases.

Taro and taro markets are in a state of decline. In addition, the threats that taro farming families and communities face in cultivating taro are numerous and growing. Taro lands in Hawaii represent less than one per cent of all agricultural lands in cultivation in the State, yet it remains the most important traditional cultural crop in Hawaii. Taro production is clearly underfunded.

The Department of Agriculture's preliminary report on the implementation of S.C.R. No. 206 found that the invasive apple snail, *pomacae canaliculata*, represents the greatest concern to taro farmers. The apple snail accounted for eighteen to twenty-five per cent of crop losses in recent years.

A September 2006 report, entitled "Statewide Strategic Control Plan for Apple Snail (*Pomacea canaliculata*) in Hawaii" and funded by the Department of Land and Natural Resources Division of Aquatic Resources, clearly documented the rapid spread of this pest in wetland taro systems, natural wetlands, estuaries, streams, ditches, reservoirs, ponds, and springs on all islands except Molokai and Kahoolawe; provided information on the apple snail's biology and behavior, and past control efforts locally and globally; and documented the negative environmental, agricultural, economic, health-related, educational, and cultural impacts of this invasive species on the taro farming community, the taro market, and the overall natural environment since its arrival in 1983-1984.

This report also documented that the State has spent less than \$400,000 on snail control efforts, with little success. The importance of addressing the decline in crop yields due to apple snails continues to increase as Hawaii continued to import more and more taro in 2006 and 2007.

Your Committee notes its concern that despite the completion of the Statewide Strategic Control Plan in 2006, no efforts have been made to implement any of the recommendations set forth therein; no additional funding requests have been made to the Legislature for these efforts; and the only grant request relating to control of the apple snail made to the Hawaii Invasive Species Council was denied.

One of the recommendations contained in this report as well as the preliminary report on the implementation of S.C.R. No. 206 is to provide immediate funding of promising farmer-developed organic snail control compounds and practices. Taro farmers working with Pacific Biodiesel, a local Maui business committed to promoting a clean, sustainable energy future through the production of renewable fuels, discovered and initiated research on an organic conditioner with promising impacts on apple snail mortality. The partnership between the farmers and Pacific Biodiesel has the potential to provide an affordable and ecologically safe solution for farmers, and to create further economic opportunities for the State. Furthermore, Pacific Biodiesel has made a commitment to share intellectual property rights directly with taro farmers. This may provide taro farmers with the potential for self-funded snail control efforts. No other invasive species control efforts or agencies in the State have created such an option. In addition, farmers on Kauai

have developed a series of proven organic cover crop rotation taro farming practices over a period of ten years which suppresses snail presence in lo'i (wetland patches). Both of these initiatives occurred without funding, or state or county agency or institutional support.

Taro farmers have demonstrated their commitment to the survival of taro and to finding a solution to the apple snail problem despite many hurdles, including the lack of committed funding and institutional support. They have initiated and collaborated on an economic impact study, a statewide strategic control plan, and self-initiated research and practices, and have demonstrated a willingness to participate in the taro purity and security dialogue. One of the biggest supporters of taro research and laboratory work is 'E kūpaku ka 'āina – The Hawaii Land Restoration Institute, a non-profit entity, which has worked closely with taro farmers and Pacific Biodiesel in promoting taro protection and improvement.

As affirmed by the record of votes of the members of your Committee on Agriculture and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2518 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, none.

SCRep. 2239 Agriculture and Hawaiian Affairs on S.B. No. 2956

The purpose of this measure is to help ensure the availability of fresh milk for fluid consumption in Hawaii.

Specifically, this measure requires that all Hawaii-produced milk be utilized in fluid form for human consumption and that milk sheds in the State be compensated for their milk at the Class I rate.

Testimony in support of this measure was submitted by the Department of Agriculture; Hawaii Agriculture Research Center; HPC Foods, Ltd.; Boteilho Hawaii Enterprises; and one individual. Testimony in opposition to this measure was submitted by Animal Rights Hawai'i and Animal Advocate, Inc. Meadow Gold Dairies submitted comments on the measure as drafted.

Your Committee finds that it is necessary to take immediate action to address the price paid for milk produced in Hawaii as a means to support the future sustainability of Hawaii's last two remaining dairies and to encourage the introduction of new dairies. The price paid for milk in Hawaii is based upon a classification system. This proposed measure would provide that all Hawaii-produced milk, up to the established production quotas, is to be classified as Class I milk unless there is an excess pool, or where plant shrinkage and route returns are proven.

Your Committee has amended this measure by:

- (1) Adding provisions requiring the Department of Agriculture to engage with stakeholders to establish a strategic plan with recommendations for short and long term initiatives consistent with the purpose of this measure to support, sustain, and grow Hawaii's dairy industry;
- (2) Requiring the Department of Agriculture and the University of Hawaii College of Tropical Agriculture and Human Resources to report back to the Legislature regarding the strategic plan by no later than twenty days prior to the 2009 Regular Session;
- (3) Including an appropriation of an unspecified sum to cover the costs of developing the strategic plan; 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 Agriculture and Hawaiian Affairs 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 Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (Hee).

SCRep. 2240 Agriculture and Hawaiian Affairs on S.B. No. 2895

The purpose of this measure is to add horses to the list of animals designated as pet animals under the law pertaining to offenses relating to cruelty to animals.

Testimony in support of this measure was submitted by the Hawaiian Humane Society and two individuals.

Your Committee has amended this measure by:

- (1) Deleting the proposed amendment that would have added horses to the definition of pet animal; and
- (2) Adding equine animals to those protected under the law regarding the criminal offense of cruelty to animals in the first degree.

As affirmed by the record of votes of the members of your Committee on Agriculture and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2895, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2895, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, none.

SCRep. 2241 Agriculture and Hawaiian Affairs on S.B. No. 2645

The purpose of this measure is to provide funding to pursue drought mitigation projects and measures in each county of the State.

Testimony in support of this measure was submitted by the Department of Agriculture, Department of Land and Natural Resources, County of Maui, Hawaii Farm Bureau Federation, Maui County Farm Bureau, Hawaii Agriculture Research Center, and Hawaii Crop Improvement Association.

Your Committee finds that a viable agriculture industry requires a steady, reliable supply of water. However, drought conditions continue to adversely affect Hawaii's farms and ranches, hampering their ability to produce quality products on a consistent basis throughout the year.

Your Committee further finds that to address the harmful impacts of droughts, mitigation measures laid out in the Hawaii Drought Plan must be implemented. The goal of the Hawaii Drought Plan is to develop coordinated emergency response mechanisms while at the same time outlining steps toward mitigating the effects of future drought occurrences. The Hawaii Drought Plan provides clear policies and specifies response entities to implement immediate, short-term, and long-term response measures to mitigate the impact of droughts.

Your Committee also finds that in 2004, county drought committees were formed for each of the four counties in Hawaii. Each of the county drought committees developed a drought mitigation strategy for its respective county, with a focus on drought mitigation projects. These county drought mitigation strategies represent the local needs and concerns of each county and are incorporated by reference into the Hawaii Drought Plan.

The Legislature further finds that to adequately implement the Hawaii Drought Plan, sufficient funding for the counties is necessary to address the many challenges that our agriculture industry faces in preparing for droughts.

Accordingly, your Committee has amended this measure by requiring that the Department of Land and Natural Resources work with the drought committee of each county of the State so that at least one project is funded for each county.

Your Committee recommends that any future committee hearing this matter consider appropriating \$4,000,000 for the purposes of this measure.

As affirmed by the record of votes of the members of your Committee on Agriculture and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2645, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2645, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (English).

SCRep. 2242 Agriculture and Hawaiian Affairs on S.B. No. 3048

The purpose of this measure is to increase the loan ceiling for farm and ranch operations on Hawaiian home lands from \$50,000 to \$200,000.

Testimony in support of this measure was submitted by the Department of Hawaiian Home Lands and Ikaika O Kalani Farms.

Your Committee finds that in order to support farm and ranch operations on Hawaiian home lands, the loan ceiling of \$50,000 should be increased to \$200,000.

Your Committee has amended this measure by:

- (1) Inserting the requested amendments into the most recent version of Section 215 of the Hawaiian Homes Commissions Act, 1920, as amended; and
- (2) Adding a severability clause.

As affirmed by the record of votes of the members of your Committee on Agriculture and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3048, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3048, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (Hee.).

SCRep. 2243 (Joint) Agriculture and Hawaiian Affairs and Education on S.B. No. 2640

The purpose of this measure is to appropriate funds to the University of Hawaii, College of Tropical Agriculture and Human Resources for the acquisition of land for its agricultural business incubator and its Poamoho Field Station, and other needs.

Testimony in support of this measure was submitted by the University of Hawaii, College of Tropical Agriculture and Human Resources, Hawaii Crop Improvement Association, Pioneer Hi-Bred International, Inc., Hawaii Farm Bureau Federation, and one individual.

Your Committees have amended this measure by:

- (1) Clarifying that the appropriation is made to cover the expenses incurred by the University of Hawaii, College of Tropical Agriculture and Human Resources to move the agribusiness incubator and Poamoho Field Station projects to a proposed site in Kunia, Oahu; and
- (2) Clarifying that the co-location of new and existing agricultural businesses, the agribusiness incubator, and supporting infrastructure will create synergies that will facilitate the promotion of diversified agriculture and increased agricultural self-sufficiency.

As affirmed by the records of votes of the members of your Committees on Agriculture 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. 2640, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2640, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 8. Noes, none. Excused, 2 (Taniguchi, Slom).

SCRep. 2244 Agriculture and Hawaiian Affairs on S.B. No. 2907

The purpose of this measure is to establish a Pastoral and Agricultural Homesteading Division within the Department of Hawaiian Home Lands.

Testimony in support of this measure was submitted by the Department of Hawaiian Home Lands, Council for Native Hawaiian Advancement, Sovereign Councils of the Hawaiian Homelands Assembly, Waimea Hawaiian Homesteaders' Association, Inc., Puakala Farms, Ikaika O Kalani Farms, and three individuals.

Your Committee finds that pastoral and agricultural homesteading is one of the major programs of the Department of Hawaiian Home Lands to satisfy the mandates of the Hawaiian Homes Commission Act of 1920, as amended. Unless priority is given to pastoral and agricultural programming, emphasis upon utilizing trust lands for beneficiary purposes will be lost to commercial development. Your Committee finds that pastoral and agricultural endeavors are consistent with the State's strategies.

As affirmed by the record of votes of the members of your Committee on Agriculture and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2907 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (Hee).

SCRep. 2245 (Joint) Agriculture and Hawaiian Affairs and Education on S.B. No. 2924

The purpose of this measure is to appropriate funds for the University of Hawaii College of Tropical Agriculture and Human Resources to hire additional staff, including researchers and specialists, to support organic agriculture research and teaching programs.

Testimony in support of this measure was submitted by the Hawaii Organic Farmers Association, Hana Health, Moms Going Green, Hawaii Cooperative of Organic Farmers, Hawaii Crop Improvement Association, and three individuals. Testimony supporting the intent of the measure was submitted by the University of Hawaii and Department of Agriculture.

Your Committees find that organic farming practices are beneficial to human health and towards the preservation of environmental quality because these practices emphasize sustainability, enhancing soil health, and promoting the practice of growing agricultural products without the use of toxic substances, such as pesticides and fertilizers. While organic farming is an important building block for maintaining and preserving the State's scenic and environmental resources, it is also an essential element in creating economic viability and preserving the quality of life in rural and agricultural communities.

According to a national study, approximately 2 per cent of the United States food supply is grown using organic methods and the nationwide retail sales of organic food and beverages in 2005 totaled approximately \$12,800,000,000. There are close to two hundred organic farms in Hawaii, which produce organic products such as coffee, macadamia nuts, bananas, pineapples, ginger, mangoes, citrus fruits, avocados, tomatoes, and salad greens. The Hawaii Organic Farmers Association, an accredited third party certification agency for the United States Department of Agriculture's National Organic Program, estimates that organic farming in Hawaii is a \$5,000,000 to \$10,000,000 per year industry.

There is currently a high and increasing demand for organic produce that exceeds the State's local organic food supply. To meet this demand, local produce markets and large mainland chain stores must import organic produce from the mainland and other countries. Unfortunately, the importation of organic produce can result in a higher number of invasive species that are inadvertently brought into the State and can impact the State's agriculture sector, economy, and sustainable food supply. To assist in nurturing our State's organic agriculture segment and to safeguard our environment from invasive species that may be inadvertently transported to the State via imported organic produce, your Committees recommend that the State should support locally-based organic agriculture.

Your Committees have amended this measure by making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Agriculture 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. 2924, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2924, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 8. Noes, none. Excused, 2 (Taniguchi, Slom).

SCRep. 2246 (Joint) Agriculture and Hawaiian Affairs and Water and Land on S.B. No. 2463

The purpose of this measure is to:

- (1) By Part I, allow the Agribusiness Development Corporation to contract with financial institutions to provide lease management services;
- (2) By Part II, authorize the Agribusiness Development Corporation to lease lands acquired pursuant to this measure for up to fifty-five years;
- (3) By Part III, establish a process to ensure that certain agricultural lands owned by the Galbraith Estate:
 - (a) Remain available for agriculture usage;
 - (b) Are properly managed to ensure their continued economic viability while being used for agricultural usage;
 - (c) Are managed in a manner that is sensitive to and consistent with the needs of farmers in the Waialua area.
- (4) By Part IV, authorize the Agribusiness Development Corporation to acquire agricultural lands to sustain and preserve viable agricultural enterprises within a contiguous geographic area; and

- (5) By Part V, authorize the Agribusiness Development Corporation to acquire lands located on Oahu owned by the Galbraith Estate.

Testimony in support of this measure was submitted by The Trust for Public Land, Agribusiness Development Corporation, United States Department of the Army, Hawaii Farm Bureau Federation, and one individual. The Department of Budget and Finance and Bank of Hawaii offered comments regarding this measure.

Your Committees find that it is important to protect existing agricultural lands by expanding the authority given to the Agribusiness Development Corporation as set forth in this measure. Your Committees recommend that the Agribusiness Development Corporation pursue a potential partnership with the United States Army with regard to Part IV of this measure.

Your Committees have amended this measure by:

- (1) Amending the effective date to July 1, 2050 for the purpose of facilitating continued discussions regarding this measure; 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 Agriculture and Hawaiian Affairs and Water and Land that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2463, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2463, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 5. Noes, none. Excused, 3 (Gabbard, Slom, Whalen).

SCRep. 2247 Water and Land on S.B. No. 3169

The purpose of this measure is to appropriate funds to establish two seal coordinator positions in the Department of Land and Natural Resources Division of Aquatic Resources Sanctuary Program.

Testimony in support of this measure was submitted by the Marine Conservation Biology Institute, Hawaii; Conservation Council for Hawai'i; Hawaiian Monk Seal Recovery Team; and twelve individuals. The Department of Land and Natural Resources submitted testimony expressing concerns with this measure.

Your Committee finds that the Hawaiian monk seal (*monachus schauinslandi*) has existed for over thirteen million years, longer than the Hawaiian Islands themselves, but has unfortunately suffered a rapid decline in its population over the past twenty years. The population of Hawaiian monk seals is currently estimated at only 1,150 and experts predict that the population will be less than one thousand within the next four and a half years. As a result, the Hawaiian monk seal is registered on the endangered species list and is the most endangered mammal in the entire United States.

Your Committee further finds that to combat the rapid decline in Hawaiian monk seal population, the State requires the establishment of two seal coordinator positions within the Department of Land and Natural Resources Division of Aquatic Resources Sanctuary Program that will:

- (1) Enable the State to be in compliance with the incidental take permit conservation plan for the protection of registered animals on the endangered species list; and
- (2) Enhance the coordination between the State and federal agencies with the objective of reversing the declining population of Hawaiian monk seals.

Your Committee has amended this measure 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 Water and Land that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3169, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3169, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Fukunaga).

SCRep. 2248 Water and Land on S.B. No. 2817

The purpose of this measure is to create a temporary Honolua Bay advisory committee to develop a plan to acquire and manage Lipoa Point for public use.

Testimony in support of this measure was submitted by the Ocean Tourism Coalition, Atlantis Adventures, Lahaina Divers, and Expeditions. Testimony in opposition to this measure was submitted by the State Procurement Office and one individual. The Department of Land and Natural Resources submitted comments.

Your Committee finds that since the days of the ancient Hawaiian people, Honolua Bay has been an important and cherished place on Maui. From the Honolua Stream to Lipoa Point and Honolua Bay, the area has remained an important place for recreation such as surfing and diving and has been the venue for international professional surfing contests. Honolua Bay is also one of Hawaii's most pristine coral reef habitats. In fact, the State recognized the importance of the marine resources at Honolua Bay by making the area a marine life conservation district in the early 1990s.

Your Committee also finds that Lipoa Point, which adjoins Honolua Bay, is also recognized as an important area for surfing, fishing, and diving for both local residents and visitors. However, the landowner of Lipoa Point has recently announced plans to develop the area, triggering a statewide movement to protect and preserve the area for public use. The Legislature finds that state, county, federal, and private funds can be used to finance such a purpose in any negotiations with the landowner.

Your Committee has amended this measure by adding a seat on the Honolua Bay Advisory Committee for each of the following entities:

- (1) The Department of Land and Natural Resources; and
- (2) The Ocean Tourism Coalition.

As affirmed by the record of votes of the members of your Committee on Water and Land 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 Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Fukunaga).

SCRep. 2249 (Joint) Education and Agriculture and Hawaiian Affairs on S.B. No. 2906

The purpose of this measure is to establish and fund an Applied Archaeology Graduate Program at the University of Hawai'i at Manoa.

Testimony in support of the measure was submitted by Kamehameha Schools; Scientific Consultant Services, Inc.; and sixteen individuals. Comments on the measure were also submitted by the University of Hawai'i System.

Your Committees find that in Hawai'i, we are fortunate to live in a place that is unique and boasts spectacular history found nowhere else in the world. Such history and culture should be carefully protected and preserved to share with current and future generations residing in these islands, as well as the millions of tourists that visit the State each year. Studies have shown that historic preservation can benefit the state economy by attracting tourists to historic sites, creating jobs, and increasing property values. However, your Committees find, currently, there is a severe shortage of archaeologists to serve in the Department of Land and Natural Resources' Historic Preservation Unit, which has been holding up a large amount of business for the public and private industries. This measure establishes and funds a graduate program in Applied Archaeology. Your Committees believe that this program will help to resolve the current historic preservation crisis that has developed in our islands by developing trained archaeologists who may also develop expertise in Hawaiian archaeology.

Your Committees determine that, although the goal is to develop an archaeologist workforce to work in the State in critical need areas, the program should not be overly restrictive in its enrollment criteria at this time.

Accordingly, your Committees have amended this measure by:

- (1) Specifying that enrollment in the Applied Archaeology Graduate Program shall give priority to students who work or intend to work in Hawaii in cultural resource management or other historic preservation fields; and
- (2) Making technical, nonsubstantive changes for purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Education and Agriculture and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2906, as amended herein, and recommend 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 Chairs on behalf of the Committees. Ayes, 8. Noes, none. Excused, 2 (Taniguchi, Slom).

SCRep. 2250 (Joint) Education and Human Services and Public Housing on S.B. No. 2878

The purpose of this measure is to create and appropriate funds for the Early Learning Council to govern the State's early learning system.

This measure also establishes and appropriates funds for an early learning system and the Keiki First Steps Program.

Testimony in support of this measure was submitted by the University of Hawaii System, Aloha United Way, the Hawai'i Business Roundtable, the Hawaii Association of Independent Schools, Kamehameha Schools, the Hawaii P-20 Initiative, the Institute for Native Pacific Education and Culture, the Hawaii Educational Policy Center, the Center on Disability Studies, Good Beginnings Alliance, the Early Learning Educational Task Force, the Hawai'i Association for the Education of Young Children, and seventeen individuals.

Your Committees find that the Early Learning Educational Task Force was established by the Legislature pursuant to Act 259, Session Laws of Hawaii 2006. The task force was charged with building a comprehensive early learning system that considers the recommendations of the temporary early childhood education task force, while also acknowledging the important role of parent education and family strengthening in the overall education of young children. The task force was required to submit a final report to the Legislature and the Governor on its findings and recommendations, which included several recommendations. This measure encompasses recommendations made by the task force, including the establishment of the Early Learning Council, an early learning system, and the Keiki First Steps Program. The Early Learning Council is attached to the Department of Education, for administrative purposes only, and the Council will be able to determine the appropriate entity to support its activities.

Your Committees appreciate the work of the task force and believes that support for its recommendations will help to build a solid foundation for providing for early learning needs.

Your Committees have amended this measure by making technical, nonsubstantive changes for purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Education and Human Services and Public Housing that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2878, as amended herein, and recommend 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 Chairs on behalf of the Committees. Ayes, 6. Ayes with Reservations, 1 (Slom). Noes, none. Excused, 5 (Hee, Hooser, Nishihara, Taniguchi, Hemmings).

SCRep. 2251 (Joint) Education and Human Services and Public Housing on S.B. No. 2004

The purpose of this measure is to make amendments to the administrative hearings process relating to the education of children with disabilities.

Specifically, this measure:

- (1) Extends the deadline within which to file a request for a due process hearing relating to the education of a child with a disability from ninety days to two years when the request is for reimbursement of costs of a child's placement;
- (2) Requires the Department of Education to adopt rules that provide for the reimbursement of expert witness and other relevant fees and expenses associated with a hearing; and
- (3) Requires the establishment of an appeals board and process wherein a state review officer shall review the decisions of the impartial hearings officers.

Testimony in support of the measure was submitted by the State Council on Developmental Disabilities, the Community Children's Council Office, the Hawaii Disability Rights Center, the Autism Society of Hawaii, and four individuals. Testimony in opposition to the measure was submitted by the Department of Education and the Department of the Attorney General. Comments on the measure were also submitted by the Special Education Advisory Council.

Your Committees find that, pursuant to state law and the Individuals with Disabilities Education Act, it has been a continual challenge for the Departments of Education, Human Services, and Health to provide Hawaii's children with disability services that meet their special education needs. Issues surrounding these special needs students must be properly handled, and every possible path to ensure their needs are provided should be developed. This measure addresses the administrative hearing process that determines a student's identification, evaluation, program, or placement due to their disability.

Your Committees find that feedback from parents of children with disabilities indicate that there is confusion and frustration with the current ninety-day statute of limitations period for requesting a hearing regarding a unilateral special education placement, where the reimbursement of costs are an issue. Although all parties have an interest in the timely resolution of these issues, the difficulties of parents in these situations, including the difficulty in retaining an attorney for purposes of the administrative hearing, should be considered. Additionally, your Committees received testimony that indicates the recovery of expert witness fees and the institution of a two-tier review system may be inappropriate, at least at this time.

Accordingly, your Committees have amended this measure by:

- (1) Changing the period within which to file a request for a due process hearing relating to the education of a child with a disability from ninety days to one hundred and eighty calendar days when the request is for reimbursement of costs of a child's placement;
- (2) Removing language that requires the Department of Education to adopt rules that provide for the reimbursement of expert witness and other relevant fees and expenses associated with a hearing; and
- (3) Removing language that requires the establishment of an appeals board and process wherein a State Review Officer shall review the decisions of the impartial hearings officers.

As affirmed by the records of votes of the members of your Committees on Education and Human Services and Public Housing that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2004, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2004, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 6. Noes, none. Excused, 5 (Hee, Hooser, Nishihara, Taniguchi, Hemmings).

SCRep. 2252 (Joint) Education and Agriculture and Hawaiian Affairs on S.B. No. 2728

The purpose of this measure is to appropriate funds to the Department of Education for the establishment of off-ratio teacher positions at schools with Hawaiian Language Immersion Programs in need of additional supplemental teaching positions.

Testimony in support of the measure was submitted by the Department of Education, the Office of Hawaiian Affairs, and thirty-three individuals.

Your Committees find that Hawaiian Language Immersion Programs in the public schools help to fulfill the State's constitutional mandate to promote the study of Hawaiian language, culture, and history. These programs provide students with an invaluable opportunity to excel in general content areas while learning Hawaiian, which is an official language of the State. This measure provides funding for necessary off-ratio positions in schools with Hawaiian Language Immersion Programs that are not receiving adequate funding under the weighted student formula as a result of lower student enrollment and a lack of justification for regular position allocations. Your Committees believe that this funding is essential to the preservation and perpetuation of the Hawaiian language and culture for present and future generations.

Your Committees have amended this measure by making technical, nonsubstantive changes for purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Education and Agriculture and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2728, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2728, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 8. Noes, none. Excused, 2 (Taniguchi, Slom).

SCRep. 2253 (Joint) Education and Health on S.B. No. 2124

The purpose of this measure is to improve the overall health of Hawaii's population and reduce the incidence of cervical cancer in the State.

Specifically, this measure:

- (1) Requires the Department of Education, in collaboration with the Department of Health, to provide to the parents of all female sixth grade public school students, without charge, accurate educational information on the human papillomavirus, the link between human papillomavirus infection and cervical cancer, and the availability of human papillomavirus immunizations; and
- (2) Appropriates funds for the Department of Health to establish the foregoing educational program and provide human papillomavirus immunizations to all female public school students in the sixth grade.

Testimony in support of the measure was submitted by the Department of Health and the American Cancer Society Hawaii Pacific Inc. Comments on the measure were also submitted by one individual.

Your Committees find that the two most common human papillomavirus types cause approximately seventy per cent of cervical cancer. Each year in Hawaii, approximately sixty-one women are diagnosed with cervical cancer, with approximately twelve dying from the disease annually. Your Committees find that two available vaccines offer proven protection against cervical cancer, and such protection is estimated to persist for at least four and one-half years. This measure requires the Department of Education to develop educational information on human papillomavirus, the link between human papillomavirus and cervical cancer, and the availability of human papillomavirus immunizations. It also provides funds for human papillomavirus immunizations to be made available to female public school students in the sixth grade. Your Committees determine that these prophylactic measures will go a long way toward saving the precious lives of our keiki.

As affirmed by the records of votes of the members of your Committees on Education and Health that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2124 and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 12. Noes, none. Excused, 1 (Hee).

SCRep. 2254 Education on S.B. No. 2500

The purpose of this measure is to authorize the issuance of general obligation bonds to provide funding for the construction of a six-classroom building on the campus of Lana'i High and Elementary School.

Testimony in support of the measure was submitted by the Hawaii State Teachers Association and one individual. Comments on the measure were also submitted by the Department of Education.

Your Committee finds that, founded in 1930, Lana'i High and Elementary School is the largest of the kindergarten through grade twelve schools in the State and the only school on the island of Lana'i. Your Committee further finds that the school supports the enrollment of five hundred and eighty students; however, the campus capacity was designed for closer to four hundred and fifty students. The current facilities do not meet the current demand for the number of students, including the needs of the many high-achieving students, in the areas of the sciences and graphic arts, as well as general education. This measure authorizes the issuance of general obligation bonds to fund the construction of a six-classroom building to house a physical sciences laboratory, biological sciences laboratory, middle school science laboratory, graphic arts and digital design laboratory, community-based instruction classroom, and general education classrooms at Lana'i High and Elementary School. Your Committee determines that this measure will expedite the construction of much needed new public school facilities on the Lana'i campus.

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. 2500 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, 2 (Gabbard, Slom).

SCRep. 2255 Education on S.B. No. 2580

The purpose of this measure is to authorize the issuance of general obligation bonds to provide funding for the construction of a new administration/educational facility and multipurpose recreational facility for Stevenson Middle School.

Testimony in support of the measure was submitted by The Queen's Medical Center, Hawaii High School Athletic Association, Manoa Neighborhood Board No. 7, Stevenson Middle School, and fifty-seven individuals.

Your Committee finds that the Department of Education is tasked with providing our public school students with an appropriate education that includes appropriate facilities to meet the needs of the school and its students. Your Committee further finds that Stevenson Middle School is in need of funding for the construction of a new administration/educational facility and multipurpose recreational facility. The funds will also allow the school to meet current educational specifications for classrooms, electrical, and communication upgrades and provide for the installation of new air conditioning systems. Your Committee determines that this measure will expedite the construction of much needed new facilities on the Stevenson Middle School campus.

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 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 3 (Gabbard, Tokuda, Slom).

SCRep. 2256 Education on S.B. No. 2682

The purpose of this measure is to appropriate funds for two full-time equivalent permanent analyst positions within the Board of Education to staff and support the budgetary and school-community-related responsibilities of the Board of Education.

Testimony in support of the measure was submitted by the Board of Education.

Your Committee finds that, pursuant to Act 51, Session Laws of Hawaii 2004, as amended, the Board of Education, among other parties, has been tasked with additional and different responsibilities. Under the advent of the weighted student formula, the demand for specially-trained individuals to assist in budgetary duties has emerged as an issue of prominence. Additionally, the Board of Education is responsible for the establishment and support of the School Community Council System, which also requires the attention of support staff to establish and maintain partnerships with the school communities and build support for public schools. This measure appropriates funds for full-time equivalent analyst positions to assist the Board of Education in fulfilling its budgetary and school-community-related responsibilities. Your Committee supports the execution of the mandates of Act 51 and its intended 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. 2682 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, 2 (Gabbard, Slom).

SCRep. 2257 Education on S.B. No. 2769

The purpose of this measure is to appropriate funds for an Athletic Director at Anuenue School; equipment, supplies, and transportation for school athletic programs; and athletic programs for female students.

Testimony in support of the measure was submitted by the Department of Education and forty-four athletic directors.

Your Committee finds that participation in athletics plays a significant role in the overall achievement and development of well-rounded individual. Hawaii's public schools currently support athletic programs; however, additional funding is necessary to ensure a safe and enjoyable experience is provided. This measure appropriates funds for the establishment of an Athletic Director at Anuenue School, athletic programs for female students, and equipment, supplies, and transportations for athletic programs. Your Committee determines that such funding will provide the necessary resources that have been lacking in years past to provide public schools with a strong and safe foundation for their athletic 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. 2769 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, 2 (Gabbard, Slom).

SCRep. 2258 Education on S.B. No. 2897

The purpose of this measure is to authorize the issuance of general obligation bonds and make an appropriation for improvements to Coconut Island facilities of the Hawaii Institute of Marine Biology.

This measure also authorizes the issuance of revenue bonds by the University of Hawaii for the same purpose.

Testimony in support of the measure was submitted by the University of Hawaii.

Your Committee finds that the Hawaii Institute of Marine Biology (HIMB) is a research institute of the School of Ocean and Earth Science Technology at the University of Hawaii at Manoa. The HIMB represents a world-renowned research institute situated on Coconut Island in Kaneohe Bay. Your Committee believes that continued support for the HIMB is necessary to ensure sustained research opportunities that benefit marine life and ecosystems.

Accordingly, this measure provides funding, by authorizing the issuance of general obligation and revenue bonds, to support the construction of a modern laboratory and office complex, as well as other improvements to the research, office, and related facilities on Coconut Island.

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. 2897 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 7. Noes, none. Excused, 1 (Hee).

SCRep. 2259 Education on S.B. No. 3252

The purpose of this measure is to address the teacher shortage problem in the State through various initiatives.

Specifically, this measure:

- (1) Appropriates funds for public school teachers and teacher candidates to take PRAXIS preparatory courses, tutorials, or programs to become highly qualified under the No Child Left Behind Act;
- (2) Provides teachers with at least ten years of prior teaching experience with ten years of service credit when determining the classification of a teacher hired to teach in a hard-to-fill school or subject area;
- (3) Provides local private school or out-of-state national board certified teachers with full credit for the teacher's total number of years of teaching experience;

- (4) Establishes and appropriates funds for the Teacher Workforce Strategic Planning Committee to address teacher workforce issues in the State;
- (5) Establishes a tax credit for teachers for professional development and training expenses;
- (6) Appropriates funds to establish Professional Development Schools within Hawaii public schools to train preservice teachers;
- (7) Establishes a graduate school loan program and corresponding special fund for qualified individuals in the areas of occupational therapy, physical therapy, speech language pathology, and school psychology; provides for a loan forgiveness schedule for individuals who maintain approved employment; and appropriates funds for the program;
- (8) Provides teachers receiving satisfactory service performance evaluations with annual step increases for five years; prohibits Department of Education teachers with marginal service performance evaluations from receiving annual step increases; and excludes teachers at the top salary levels from receiving annual step increases;
- (9) Appropriates funds to complex areas for academic coaches, professional development, and the retention of teachers;
- (10) Establishes the Teacher Housing Allowance program to provide housing assistance to teachers employed in schools in geographically isolated areas or hard-to-fill positions within the State and appropriates funds for the program;
- (11) Appropriates funds for the Hawaii Teacher Cadet Program to address the teacher shortage;
- (12) Appropriates funds for a Hawaii Beginning Teacher Induction Pilot Program within the department of education; and
- (13) Authorizes and funds sixteen additional positions at the University of Hawaii, West Oahu campus for teacher education.

Testimony in support of the measure was submitted by the Department of Education, the Hawaii State Teachers Association, Kanu o ka 'Āina Learning 'Ohana, the Hawai'i Educational Policy Center, Kamehameha Schools, the Hawaii Pacific University Teacher Education Program, and seven individuals. Testimony in opposition of the measure was submitted by the Department of Budget and Finance.

Your Committee finds that the shortage of qualified teachers in our public schools continues to remain an issue of critical importance, which cannot be easily remedied. Instead, a comprehensive approach to developing, maintaining, and expanding a qualified teacher workforce is necessary to truly address and resolve the problem. This measure contains various programs and initiatives to reduce the teacher shortage, each of which addresses a different facet of the issue. Your Committee believes that certain efforts must be championed and supported, while others may not be appropriate at this time by means of this vehicle. Your Committee also believes that this measure must continue to be crafted to focus on and prioritize those aspects that require the greatest attention and funding.

Accordingly, your Committee has amended this measure by:

- (1) Appropriating \$100,000 to assist public school teachers participating in preparatory courses, tutorials, or programs for the PRAXIS examinations;
- (2) Specifying that a teacher who is hired to teach in a hard-to-fill school or other Department of Education-determined shortage area shall receive full service credit equal to the teacher's years of teacher experience; provided that such does not exceed ten years;
- (3) Specifying that a teacher hired to teach in a hard-to-fill school or other Department of Education-determined shortage area between January 1, 2004 and June 30, 2008 shall receive full service credit equal to the teacher's years of teaching experience; provided that such does not exceed ten years; provided further that no retroactive pay shall be allowed;
- (4) Requiring the Teacher Workforce Strategic Planning Committee to conduct research on the teacher workforce pipeline;
- (5) Providing the Teacher Workforce Strategic Planning Committee \$25,000 for its operations and specifying that such funds shall be expended by the University of Hawaii College of Education;
- (6) Authorizing the Teacher Workforce Strategic Planning Committee to contract with a qualified agency to conduct research required under the measure;
- (7) Changing the number of Professional Development Schools to be established from three to four;
- (8) Removing the part that established the Rehabilitative and Related Services Graduate School Loan Program;
- (9) Removing the part that provided statutory increases to teachers based upon performance evaluations;
- (10) Including an appropriation for the renovation, repair, and maintenance of existing teacher housing;
- (11) Requiring the Department of Education to report to the Legislature on alternative teacher housing incentives;
- (12) Allowing, rather than requiring, the Department of Education to include certain provisions in the Hawaii Beginning Teacher Induction Pilot Program; and
- (13) Making technical, nonsubstantive changes 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 S.B. No. 3252, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3252, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 7. Noes, none. Excused, 1 (Hee).

SCRep. 2260 Education on S.B. No. 3250

The purpose of this measure is to require the University of Hawaii to develop a system of institutional financial performance incentives.

Testimony in support of the measure was submitted by the University of Hawaii System. Comments on the measure were also submitted by the University of Hawaii at Hilo.

Your Committee finds that, as the only public postsecondary educational institution in the State, the University of Hawaii System bears great responsibility in providing quality higher education to its students and accountability to the public. While the Legislature respects the System's autonomy, it is concerned with the System's long-term financial and budgeting plans, stated objectives, and the correlation between budgeting and meeting those objectives, including graduating and growing a workforce to meet the needs of the State. Your Committee further finds that, in 2007, pursuant to Senate Concurrent Resolution No. 137, the Legislature requested the System to report on the linking of funding for individual campuses and performance goals. In line with the foregoing, this measure helps to ensure that the System is executing a financial plan that is directly aligned with meeting its strategic goals.

Your Committee believes that goals such as education quality and effectiveness, access-diversity-equity, efficiency and productivity, contribution to state need, and connection and contribution to other education sectors, including measures related to increasing student enrollment, need to be translated from goals and measures in annual reports to a more select list of indicators that can be easily understood and followed.

However, based on testimony provided, your Committee understands that clarification, as well as flexibility, is necessary to allow the System to meet its goals and to provide necessary information to the Legislature, which will assist the Legislature in allocating funds for the System's purposes.

Accordingly, your Committee has amended this measure by:

- (1) Removing the specific requirements for the 2009 annual report to the Legislature;
- (2) Requiring the University of Hawaii to continue to collect and maintain benchmark data in accordance with section 304A, Hawaii Revised Statutes;
- (3) Removing the specific requirement that annual reports reflect the following five state goals:
 - (A) Education quality and effectiveness;
 - (B) Access-diversity-equity;
 - (C) Efficiency and productivity;
 - (D) Contributions to state needs; and
 - (E) Connection and contribution to other education sectors;
- (4) Specifying that proposed incentive plans shall include identification of the goals, performance outcome measures, and the sources of funding, which may include new general fund appropriations, reallocated existing general fund appropriations, and other sources of funding available to the University;
- (5) Requiring data appropriate to the individual performance measure to be provided in the annual reports; and
- (6) Making technical, nonsubstantive changes 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 S.B. No. 3250, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3250, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 7. Noes, none. Excused, 1 (Hee).

SCRep. 2261 Education on S.B. No. 2902

The purpose of this measure is to appropriate funds for the Spark M. Matsunaga Institute for Peace at the University of Hawaii for staff, research, and an international conference.

Testimony in support of the measure was submitted by the Manoa Mediation and Peace Club of the University of Hawaii and fourteen individuals.

Your Committee finds that the world in which we live is filled with violence and killing. We live in an era that will be remembered for the war in Iraq and violence in our schools and neighborhoods, as in the case of the Virginia Polytechnic and State University killings. Your Committee further finds that, although Hawaii promotes the spirit of aloha, incidents of violence have infiltrated our own communities, particularly in light of recent tragic events involving incidences of domestic violence and violence against children. In order to foster peaceful school environments and communities, especially for our keiki, the State must actively address and promote existing programs that are dedicated to reducing violence and promoting peace in our communities and throughout the world. This measure appropriates funds for additional positions at the Spark M. Matsunaga Institute for Peace and for research projects and an international conference on peace and conflict resolution. Your Committee believes that this funding is necessary to assist and support the important work being undertaken by the Spark M. Matsunaga Institute for Peace.

Although funding is always an issue for the State, your Committee believes that this measure should continue to move forward through the legislative session to examine methods for providing support to the Spark M. Matsunaga Institute for Peace.

Accordingly, your Committee has amended this measure by:

- (1) Removing the appropriation for additional positions at the Spark M. Matsunaga Institute for Peace;
- (2) Maintaining the requirement that the additional positions at the Spark M. Matsunaga Institute for Peace be established; and
- (3) Reducing the appropriation for research, activities, and operations of the Spark M. Matsunaga Institute for Peace.

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 Chair on behalf of the Committee. Ayes, 7. Ayes with Reservations, 1 (Slom). Noes, none. Excused, 1 (Hee).

SCRep. 2262 Education on S.B. No. 2880

The purpose of this measure is to provide necessary funding for increased information accessibility for the Hawaii Teacher Standards Board.

Testimony in support of the measure was submitted by the Department of Education, the University of Hawai'i System, the Hawaii Teacher Standards Board, and the Hawaii Educational Policy Center.

Your Committee finds that the Hawaii Teacher Standards Board is responsible for licensing and regulating teachers and approving teacher preparation programs in the State. Your Committee further finds that the Hawaii Teacher Standards Board has been working toward improving the quality and quantity of data accessible to parties in order to increase teacher quality. An electronic licensing system that is capable of interfacing with public and private educational institutions in Hawaii, as well as with the Department of Education, is being developed; however, funding is required to support the free interchange of information among participating organizations. This measure provides funding to support data and information management efforts of the Board. Your Committee determines that this funding will improve the operations of the Hawaii Teacher Standards Board and, ultimately, the teacher workforce in the State.

Your Committee has amended this measure by:

- (1) Clarifying the purpose of the measure is to authorize the Hawaii Teacher Standards Board to coordinate the creation of a data interface network, as provided in the measure; and
- (2) Making technical, nonsubstantive changes 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 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 Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, 2 (Gabbard, Slom).

SCRep. 2263 Education on S.B. No. 2681

The purpose of this measure is to increase the compensation provided to members of the Board of Education.

Specifically, this measure:

- (1) Increases the daily compensation rate for Board of Education members to \$200;
- (2) Establishes a protocol allowance for expenses incurred in the performance of a Board of Education member's duties and responsibilities;
- (3) Allows Board of Education members to receive personal expenses at specified rates when attending meetings or while on official business as authorized by the chairperson; and
- (4) Appropriates funds for the members' compensation and expenses.

Testimony in support of the measure was submitted by Board of Education.

Your Committee finds that the members of the Board of Education provide a valuable public service to the people of Hawaii, and, over the years, their duties and responsibilities have become more extensive, including increased jurisdiction such as responsibilities relating to the public charter schools. Your Committee further finds that the provision of appropriate compensation is a necessity for these hard-working individuals. This measure provides for an increase in the current compensation rate and the receipt of a protocol allowance and certain other expenses related to the performance of the member's duties and responsibilities. Eligible expenses will include those related to certain meetings and official activities as authorized by the chairperson. Your Committee believes that increased compensation is warranted; however, a more conservative scheme would be more appropriate at this time.

Accordingly, your Committee has amended this measure by:

- (1) Removing the provisions that:
 - (A) Establish a protocol allowance for expenses incurred in the performance of a Board of Education member's duties and responsibilities; and
 - (B) Allow Board of Education members to receive personal expenses at specified rates when attending meetings or while on official business as authorized by the chairperson; and
- (2) Specifying that members of the Board of Education shall be compensated at the following rates:
 - (A) \$200 per day for each day's actual attendance at general business meetings; and

(B) \$100 per day for each day's actual attendance at special meetings, standing committee meetings, ad hoc committee meetings, and community meetings 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 is in accord with the intent and purpose of S.B. No. 2681, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2681, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, 2 (Gabbard, Slom).

SCRep. 2264 Education on S.B. No. 2668

The purpose of this measure is to make clarifying changes to the composition, duties, and activities of the Candidate Advisory Council for the Board of Regents of the University of Hawaii.

Specifically, this measure:

- (1) Requires the submission of candidates for the Board of Regents within sixty days following notification from the Governor of a vacancy due to resignation, death, or removal by the Governor;
- (2) Requires the Council to submit the names of candidates for the Board of Regents to the Governor;
- (3) Makes confidential all information received or maintained by the Regents Candidate Advisory Council;
- (4) Requires that candidates for the Board of Regents reside in the geographic areas that they represent;
- (5) Requires the Governor to notify the Candidate Advisory Council for the Board of Regents of vacancies on the Board in a timely manner; and
- (6) Authorizes an administrator position to be established to support the Candidate Advisory Council and provides for an appropriation from general funds to support Candidate Advisory Council operations.

Testimony in support of the measure was submitted by the University of Hawaii Regents Candidate Advisory Council. Comments on the measure were also submitted by the Office of Information Practices.

Your Committee finds that the Candidate Advisory Council for the Board of Regents of the University of Hawaii was established pursuant to Act 56, Session Laws of Hawaii 2007, in response to the people's desire to change the prior nomination process. Your Committee further finds that the Candidate Advisory Council is currently in operation and attending to its responsibility to provide recommendations to the Governor for nomination to the Board of Regents. After several months of operation, the Candidate Advisory Council has discovered that certain provisions relating to its existence and operations must be modified to improve operations.

This measure addresses some of the Council's concerns by, among other things, ensuring the Council receives timely notification from the Governor when a vacancy occurs on the Board of Regents, ensuring the confidentiality of information regarding applicants, and providing the necessary support for the Council's operations. Your Committee determines that the provisions contained in this measure will assist the Candidate Advisory Council in dutifully executing its responsibilities.

Testimony provided raised the issue as to whether blanket confidentiality for all Candidate Advisory Council information is appropriate. Your Committee understands the concerns raised; however, it believes that certain information should be confidential and that individuals who eventually become members of the Board of Regents will also be subject to public disclosure requirements under the existing law that are applicable to all public officials and certain public employees.

Accordingly, your Committee has amended this measure by:

- (1) Clarifying that the Regents Candidate Advisory Council is required to submit candidates to the Governor within sixty days after written notification of a vacancy; and
- (2) Making technical, nonsubstantive changes 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 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 Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, 2 (Hee, Taniguchi).

SCRep. 2265 Education on S.B. No. 2449

The purpose of this measure is to shorten the duration of probationary periods for new teachers, principals, and vice-principals of the Department of Education to one year.

Testimony in support of the measure was submitted by the Department of Education and the Hawaii State Teachers Association.

Your Committee finds that, pursuant to the collective bargaining agreement negotiated between the exclusive representative for Bargaining Unit 5 and the State, newly employed teachers of the Department of Education are subject to a probationary period of one year, or two semesters. Under the current law, all new teachers, principals, and vice-principals are subject to probationary periods of two years. This measure attempts to conform the law to the existing collective bargaining agreement for Bargaining Unit 5. Your Committee determines that this change is necessary to acknowledge the agreement made and honor the spirit of the collective bargaining process provided to eligible employees. However, your Committee believes that, as this is an issue for negotiation, there should be greater flexibility in the establishment of the duration of a probationary period that does not require a statutory change with each negotiation.

Accordingly, your Committee has amended this measure by reinstating the original statutory language that establishes and references a two-year probationary period and including qualifying language to indicate that the two-year probationary period is only applicable unless otherwise negotiated pursuant to collective bargaining.

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. 2449, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2449, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, 2 (Gabbard, Slom).

SCRep. 2266 Education on S.B. No. 2263

The purpose of this measure is to require the University of Hawaii Board of Regents to publicly disclose the following information in open meetings:

- (1) Compensation offered to newly hired employees;
- (2) Changes in compensation offered to existing employees for administrative positions in the University of Hawaii System filled by excluded employees; and
- (3) All budgetary expenditures made by the Board of Regents.

Testimony in support of the measure was submitted by the University of Hawaii Professional Assembly and one individual. Testimony in opposition of the measure was submitted by the University of Hawaii System. Comments on the measure were also submitted by the Office of Information Practices.

Your Committee finds that the University of Hawaii System, as the only public postsecondary educational institution in the State, maintains a tremendous responsibility in not only providing quality higher education to its students, but also in being held accountable to the public. Recently, much has been covered and questioned by the media regarding the University of Hawaii and its management, operations, and facilities. The lack of disclosure of information on the salaries of new hires at the University of Hawaii and for raises for top administrators has been and continues to remain a point of contention.

This measure requires public disclosure of information regarding compensation offered to newly hired employees, changes in compensation offered to existing employees for administrative positions in the System filled by excluded employees, and all budgetary expenditures made by the Board of Regents. Your Committee believes that disclosure of such information is a matter of statewide concern that warrants exception from current open meetings exemptions in light of the fact that approximately four hundred and seventy-three University of Hawaii administrators and faculty currently possess salaries that are in excess of the Governor's salary of \$116,524. Your Committee determines that the public should be afforded the opportunity to review and, as appropriate, take necessary action in response to such information.

Your Committee has amended this measure by:

- (1) Including a purpose section to clarify the intent of the measure;
- (2) Clarifying that the Board of Regents shall disclose all documents regarding expenditures and changes thereto in open meetings for purpose of public comment;
- (3) Clarifying that the Board of Regents shall make available to the public any expenditure requests, proposals, and other budgetary documents utilized by the Board at an open meeting at least six calendar days prior to the meeting; and
- (4) Making technical, nonsubstantive changes 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 S.B. No. 2263, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2263, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, 2 (Hee, Taniguchi).

SCRep. 2267 Education on S.B. No. 2109

The purpose of this measure is to address the shortage of nursing teachers in the State by establishing a Nursing Teacher Loan Forgiveness Program to provide a financial incentive for more students to study to become nursing educators.

This measure also establishes the Nursing Teacher Loan Forgiveness Special Fund to college all moneys received in conjunction with the administration of the Program.

Testimony in support of the measure was submitted by the Hawaii Government Employees Association. Testimony in opposition of the measure was submitted by the Department of Budget and Finance and the University of Hawai'i System.

Your Committee finds that the current shortage of nurses nationwide is projected to increase to a twenty per cent shortfall by the year 2020. In Hawaii, it is estimated that thirty-one per cent of Hawaii's nursing workforce will retire by 2015, with sixty-one per cent expected to retire by 2020. The demand for nurses exceeds the current supply and the gap will continue to grow as nurses retire and our population continues to age. The health of our residents and the quality of care that they can expect to receive is in jeopardy, and measures must be taken to thwart the ongoing problem.

Your Committee believes that the University of Hawaii can address the problem through efforts to grow the current nursing workforce through various initiatives. This measure establishes the Nursing Teacher Loan Forgiveness Program to address the shortage of nursing teachers in the State by providing financial assistance for more students to study to become nursing educators.

This program is similar to the Hawaii Educator Loan Program, which has provided assistance to many students. Your Committee determines that the framework, including work requirements, should more closely follow that of the Hawaii Educator Loan Program.

Accordingly, your Committee has amended this measure by:

- (1) Changing the number of years required to work in a qualified position in order to receive loan forgiveness under the Nursing Teacher Loan Forgiveness Program;
- (2) Changing the loan forgiveness schedule for the Nursing Teacher Loan Forgiveness Program to ten per cent for the first five years and twenty-five per cent of the total amount of the loan and interest to be waived every year for the sixth and seventh years of repayment; and
- (3) Making technical, nonsubstantive changes 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 S.B. No. 2109, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2109, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 7. Ayes with Reservations, 1 (Slom). Noes, none. Excused, 1 (Hee).

SCRep. 2268 (Joint) Human Services and Public Housing and Intergovernmental and Military Affairs on S.B. No. 2435

The purpose of this measure is to clarify that the exemption from county civil service membership provided to positions or contracts for personal services shall apply to personal service contracts with qualified community rehabilitation programs regardless of cost.

Your Committees received testimony in support of this measure from the Department of Human Resources Development; The Arc of Kona; The Arc of Hilo; Anuenue Hale, Inc.; and Ka Lima O Maui. Testimony in opposition was received from the Hawaii Government Employees Association.

Act 191, Session Laws of Hawaii 2007, enacted a civil service exemption for the counties to enter into contracts with private persons or entities for services lasting no more than one year and at a cost of no more than \$750,000. This measure clarifies Act 191 to specify that the exemption applies to contracts with qualified community rehabilitation programs even though the costs involved may exceed the \$750,000 limit.

Your Committees find that contracting opportunities with qualified community rehabilitation programs provide much needed employment opportunities for Hawaii's under employed or unemployed segment and enables workers with disabilities to become contributing members of the community.

Your Committees have amended this measure by:

- (1) Providing the foregoing exemption from county civil service requirements to qualified community rehabilitation programs for services costing no more than \$1,000,000;
- (2) Requiring the Department of Human Resources Development to report annually to the Legislature on expenditures of qualified community rehabilitation programs and related activities; and
- (3) Making technical, nonsubstantive amendments.

Your Committees request the Hawaii Government Employees Association to consult with the interested parties and with the Department of Human Resources Development concerning adjusting the amount of the cap on costs from time to time as needed.

As affirmed by the records of votes of the members of your Committees on Human Services and Public Housing and Intergovernmental and Military Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2435, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2435, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chairs on behalf of the Committees. Ayes, 6. Ayes with Reservations, 3 (Hooser, Ihara, Inouye). Noes, none. Excused, 1 (Sakamoto).

SCRep. 2269 Human Services and Public Housing on S.B. No. 2216

The purpose of this measure is to make an appropriation for a purchase of services contract for the Department of Human Services to implement a prostitution prevention education and diversion program.

Your Committee received testimony in support of this measure from the Hawaii State Commission on the Status of Women; Hawaii Youth Services Network; and Domestic Violence Action Center. Testimony in opposition was received from Harm Reduction Hawaii. Comments were received from the Department of Human Services and one individual.

Your Committee finds that many young people in Hawaii are at risk of commercial sexual exploitation, which includes prostitution as well as other forms of sex work such as pornography. Your Committee further finds that it is imperative to give children the information to make good choices, ones that have a positive impact on their futures. Your Committee finds that young people should be equipped with the tools and skills to see and understand the dangers of prostitution. This measure provides that essential education.

According to testimony of the Domestic Violence Action Center, it has been concerned about victim prostitutes dating back to the years of the administration of Governor Cayetano. With a federal grant, the Action Center coordinated the general discussion, an evaluation of community policies, and the planning for improved services. With the absence of programs by entities that understand the complexity of the sex industry, the safety, support, advocacy, and recovery of sex workers is non-existent.

Your Committee has amended this measure on the recommendation of the Hawaii State Commission on the Status of Women by clarifying the parameters of the program.

As affirmed by the record of votes of the members of your Committee on Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2216, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2216, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Hooser, Sakamoto).

SCRep. 2270 Human Services and Public Housing on S.B. No. 2837

The purpose of this measure is to make clarifying amendments to the individual development accounts law to support asset building among low- and moderate-income families, and to appropriate funds for fiduciary organizations to operate individual development account programs.

Your Committee received testimony in support of this measure from the Department of Human Services, Legal Aid Society of Hawai'i, Hawai'i Alliance for Community-Based Economic Development, Hawaii First Federal Credit Union, Hawaii Women Work, and Aloha United Way.

Your Committee finds that economic stability does not arise solely from income; financial assets including cash savings, stocks, bonds, and home and business equity are all critical components of economic security. The accumulation of financial assets can offer individuals hope for the future, stimulate growth in all societal sectors, and enhance the welfare of families and children. For example, a home is often a primary asset for a family in Hawaii, and forms a large component of household net worth for most Americans. Saving for a down payment on a home is a formidable prospect for too many low- and moderate-income earners in Hawaii. While developing affordable housing properties is necessary, it is equally important to invest in additional strategies that can also expand a family's ability to purchase a home.

Individual development accounts are special savings accounts that match the deposits of low- and moderate-income accountholders to save towards certain qualified financial goals. These accounts have provided proven assistance to families who are saving to purchase a home, pay higher education expenses, and fulfill other asset-building goals.

This measure is intended to improve the management and operation of individual development accounts to support increased asset-building among low- and moderate-income families. For this purpose, your Committee recommends to the Committee on Ways and Means that an appropriation be made in the amount of \$400,000.

Your Committee has amended this measure on the concurrent recommendation of the Legal Aid Society of Hawaii and the Hawai'i Alliance for Community-Based Economic Development by:

- (1) Amending the definition of "qualified expenditures" to include one motor vehicle purchase for school or work transportation;
- (2) Specify that the Department of Human Services shall determine the eligible amount of household median income;
- (3) Require the State to match in a specific match ratio as determined by the Department of Human Services; and
- (4) Require fiduciary organizations to submit their annual reports to the Department of Human Services rather than the Legislature, containing matters as determined by the Department.

Your Committee has also made technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Human Services and Public Housing 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 referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Hemmings).

SCRep. 2271 Human Services and Public Housing on S.B. No. 3055

The purpose of this measure is to require family members to report child abuse and neglect.

Your Committee received testimony in support of this measure from the Department of Human Services, State Public Defender, and one individual.

This measure requires any person who is a member of a family and who has reached the age of majority to report child abuse if they have knowledge that abuse is occurring or the child has been harmed due to abuse and neglect. Your Committee finds that in many instances, the family is the first to know of a case of child abuse. Requiring reporting of child abuse by such family members allows the police or the Department of Human Services to respond more expeditiously to the case and possibly save a life.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 2050, to continue discussions on this matter; and
- (2) Making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3055, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3055, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 4. Ayes with Reservations, 4 (Chun Oakland, Hooser, Ihara, Sakamoto). Noes, none. Excused, 1 (Hemmings).

SCRep. 2272 Human Services and Public Housing on S.B. No. 2790

The purpose of this measure is to extend the time frame under which already appropriated funds may be used to continue the operation of a perinatal addiction treatment clinic.

The measure also:

- (1) Reduces the amount appropriated from \$200,000 to \$100,000;
- (2) Transfers the responsibility of operating the clinic from the University of Hawaii John A. Burns School of Medicine to the Department of Human Services; and
- (3) Makes the clinic permanent.

Testimony in support of this measure was submitted by the Director of the Perinatal Addiction Treatment of Hawaii Clinic; Healthy Mothers Healthy Babies Coalition of Hawaii; The Drug Policy Forum of Hawaii; and one private citizen. Testimony in opposition to this measure was submitted by the Department of Human Services and Department of Health.

Your Committee finds that this measure will support the State's interest in providing comprehensive prenatal, delivery, and post partum care, and social services to pregnant women with a history of substance abuse.

Your Committee has amended this measure by:

- (1) Reinstating the University of Hawaii John A. Burns School of Medicine, Department of Obstetrics, Gynecology, and Women's Health responsibility to operate the clinic under a contract administered by the Department of Human Services;
- (2) Reinstating the requirement that the clinic provide delivery care;
- (3) Increasing the appropriated amount from \$100,000 to \$300,000; and
- (4) Making technical amendments to accurately reflect the appropriate department and program names of the John A. Burns School of Medicine.

As affirmed by the record of votes of the members of your Committee on Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2790, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2790, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Hemmings).

SCRep. 2273 Health on S.B. No. 2065

The purpose of this measure is to encourage the retention of natural lands by providing certainty in Hawaii law for natural conditions that exist on unaltered lands.

Specifically, this measure insulates private landowners from liability from any damages as a result of the natural condition of their lands while allowing the limited, reasonable use of their natural lands without losing this protection.

Your Committee received testimony in support of this measure from the Department of Land and Natural Resources and Kamehameha Schools. Your Committee received testimony in opposition to this measure from the Department of the Attorney General, the City and County of Honolulu, and Consumer Lawyers of Hawaii.

Your Committee finds that this measure allows landowners reasonable use of their land without increasing the risk of liability. Your Committee further finds that governmental entities should be afforded the same protections as private landowners.

Therefore, your Committee has amended this measure by:

- (1) Combining the classes of landowners and making the protection from liability identical; and
- (2) Inserting an effective date of July 1, 2050, for the purpose of further discussions.

As affirmed by the record of votes of the members of your Committee on Health 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 referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, none.

SCRep. 2274 Health on S.B. No. 3235

The purpose of this measure is to provide cost-effective care for Hawaii residents who are uninsured while ensuring that the community health center system remains financially viable and stable in the face of a growing population of uninsured persons.

Specifically, this measure appropriates \$2,000,000 for the provision of direct health care to the uninsured, which may include primary medical, dental, and behavioral health care; provided that distribution of funds may be on a "per visit" basis, taking into consideration need on all islands.

Your Committee received testimony in support of this measure from the Department of Health; Hawai'i Primary Care Association; Community Clinic of Maui; Ho'ola Lahui Hawai'i; Bay Clinic, Inc.; Moloka'i Community Health Center; West Hawaii Community Health Center; Aloha Medical Mission Free Clinic; Waianae Coast Comprehensive Health Center; Kalihi-Palama Health Center; Kokua Kalihi Valley; Waikiki Health Center; Waimanalo Health Center; and ten individuals.

Your Committee finds that Federally Qualified Health Centers are one of the few programs for community-based health services and are an essential component to Hawaii's health care system. Your Committee further finds that financial assurance needs to be

provided to these community health centers to remain financially viable so they can continue to provide quality health services to the residents of Hawaii.

Your Committee amended this measure by making technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Health 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 Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, none.

SCRep. 2275 Health on S.B. No. 2503

The purpose of this measure is to provide funds for the improvement of Hana Health's infrastructure.

Specifically, this measure appropriates \$5,000,000 for the following at Hana Health:

- (1) \$1,750,000 for commercial kitchen construction/equipment installation;
- (2) \$2,500,000 for independent senior housing design and construction to include home-based dialysis, adult day care, and respite services; and
- (3) \$750,000 for medical facility upgrade/expansion design documents.

Your Committee received testimony in support of this measure from Hana Health and sixty-six individuals. The Department of the Attorney General submitted comments on this measure.

Your Committee finds that funding is necessary to assist with the necessary improvements to Hana Health's infrastructure. Hana Health is essential to the health and wellness of the Moku of Hana, particularly among Native Hawaiians and those who are underserved due to financial, cultural, and geographical barriers. Your Committee further finds that the appropriation should be issued as a grant pursuant to chapter 42F, Hawaii Revised Statutes, to achieve the purpose of this measure.

Your Committee has adopted the recommendations of the Department of the Attorney General and amended this measure by inserting language to clarify that the appropriation is in the form of a grant pursuant to chapter 42F, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2503, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2503, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Menor, Whalen).

SCRep. 2276 Health on S.B. No. 3076

The purpose of this measure is to protect public health by ensuring that the Department of Health has highly qualified, experienced epidemiologists to protect the State from re-emerging diseases and to interrupt outbreaks rapidly.

Specifically, this measure adds a new section to chapter 321, Hawaii Revised Statutes, that authorizes the Department of Health to establish permanent or temporary exempt epidemiologist positions for the purpose of investigating diseases and injuries which threaten the public health and safety.

Your Committee received testimony in support of this measure from the Department of Health.

Your Committee finds that appropriate and effective epidemiological investigations would best be conducted by qualified epidemiologists. Your Committee further finds that this measure authorizes the Department to establish an unspecified number of exempt epidemiologist positions, within the Department, that would be funded by legislative appropriations.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3076 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Menor, Whalen).

SCRep. 2277 Health on S.B. No. 3185

The purpose of this measure is to provide funding for breast and cervical cancer screening to the Department of Health to reach more women who are eligible to be screened under the Hawaii Breast and Cervical Cancer Control Program.

Specifically, this measure appropriates funds to the Department of Health for breast and cervical cancer screening.

Your Committee received testimony in support of this measure from the American Cancer Society. The Department of Health submitted testimony in support of the intent of this measure.

Your Committee finds that the Legislature has appropriated funds to the Breast and Cervical Cancer Treatment Program established by the Department of Human Services pursuant to section 346-59.2, Hawaii Revised Statutes. Your Committee further finds that, in addition to this treatment program, it is necessary to allow part of the funding to be used for breast and cervical cancer screening, education, and outreach by the Department of Health in order to reach more women who are eligible to be screened under the screening program and thereby be eligible to be treated under this treatment program.

Your Committee amended this measure by:

- (1) Renaming the program the Breast and Cervical Cancer Comprehensive Cancer Control Program;
- (2) Amending section 346-59.2, Hawaii Revised Statutes, to include breast and cervical cancer screening, education, and outreach by the Department of Health;
- (3) Deleting the appropriation from the general revenues and inserting an appropriation provision that transfers funds from the Department of Human Services for the Breast and Cervical Cancer Comprehensive Cancer Control Program to the Department of Health; 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 Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3185, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3185, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, none.

SCRep. 2278 Health on S.B. No. 3028

The purpose of this measure is to ensure that all applicants granted an acupuncture license meet equivalent standards of training and education.

Specifically, this measure requires foreign-educated acupuncture applicants to have their educational information evaluated by a board approved and designated professional evaluator to determine curriculum equivalency.

Your Committee received testimony in support of this measure from the Board of Acupuncture, the Institute of Clinical Acupuncture and Oriental Medicine, and the Hawaii Acupuncture Association.

Your Committee finds that the Board of Acupuncture is required to review and approve foreign school curricula to ensure that it meets United States educational requirements, a mandate that the Board does not have the expertise or resources to effectively undertake. This measure will ensure educational equivalency by requiring, at the applicant's expense, a professional credentialing evaluator, with the expertise and resources, to appropriately evaluate foreign curriculum and transcripts.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3028 and recommends that it pass Second Reading and be referred to the Committee on Commerce, Consumer Protection, and Affordable Housing.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, none.

SCRep. 2279 Health on S.B. No. 3027

The purpose of this measure is to provide uniformity of practice regulation for osteopathic physicians.

Specifically, this measure includes osteopathic physicians in chapter 453, Hawaii Revised Statutes, which regulates doctors of medicine and repeals chapter 460, Hawaii Revised Statutes.

Your Committee received testimony in support of this measure from the Board of Medical Examiners and Hawaii Medical Association.

Your Committee finds that osteopathic and medical doctors are both physicians of equivalent education and training and should be regulated as such. Your Committee further finds that including osteopathic physicians in chapter 453, Hawaii Revised Statutes, will enable the Board of Medical Examiners to regulate both professions more uniformly and efficiently.

Your Committee amended this measure by making technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3027, as amended herein, and recommends 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 Commerce, Consumer Protection, and Affordable Housing.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, none.

SCRep. 2280 Health on S.B. No. 2064

The purpose of this measure is to exempt psychologists from jury service in order to better serve the residents of Hawaii.

Your Committee received testimony in support of this measure from the Ko'olauloa Community Health Center and Wellness Center and seven individuals. Your Committee received testimony in opposition to this measure from the Hawaii State Judiciary and The League of Women Voters of Hawaii.

Your Committee finds that there is a severe shortage of psychologists in this State, particularly in rural areas. Exempting psychologists from jury service will serve to better protect the public health by avoiding a disruption in patient care.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2064 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 5. Ayes with Reservations, 1 (Whalen). Noes, none. Excused, none.

SCRep. 2281 Health on S.B. No. 2105

The purpose of this measure is to protect the health of children and youth in Hawaii by prohibiting the sale of flavored tobacco products and imposing a civil fine in an amount not to exceed five thousand dollars on violators.

Your Committee received testimony in support of this measure from the Department of Health, the American Heart Association, and the Coalition for a Tobacco-Free Hawaii. The Department of the Attorney General submitted comments on this measure.

Your Committee finds that cigarette manufacturers are targeting children and youth with flavored cigarettes that encourage them to begin smoking. Your Committee further finds that smokeless tobacco products have generally not been marketed to children and youth and therefore, should be eliminated from this measure.

Your Committee has amended this measure by;

- (1) Removing all references to smokeless tobacco products, including the definitions of “chewing tobacco”, smokeless tobacco”, and “tobacco snuff”;
- (2) Amending the definition of “characterizing flavor” to mean a distinguishable or distinctive natural or artificial taste, flavor, smell, or aroma, other than tobacco, menthol, or clove, which emanates from or is imparted by the smokeless tobacco product, cigarette, or cigarette’s smoke, or any of the cigarette’s component parts at any time prior to or during consumption;
- (3) Amending the definition of “component parts” to include but not be limited to, the tobacco, filter, paper, or natural or artificial flavoring device or substance in a cigarette; and
- (4) Making technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Health 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 Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 5. Ayes with Reservations, 1 (Whalen). Noes, none. Excused, none.

SCRep. 2282 Education on S.B. No. 2662

The purpose of this measure is to appropriate funds to modernize Hawaii’s schools and classrooms with such items and services as textbooks, supplies, equipment, computers, software licenses, and services.

Testimony in support of the measure was submitted by the Department of Education and the Hawaii State Teachers Association.

Your Committee finds that our keiki are our future, and providing them with a quality education is of great importance to their success and the success of the State. Education is a major priority of the State, and, although funding is not always readily available for all of the needs of the public, the State must do what it can to provide our public school students with the appropriate tools, equipment, and supplies necessary for them to attain high academic achievement. This measure appropriates funds for textbooks, supplies, equipment, computers, software licenses, and other necessary services to modernize our public schools. While available funding cannot provide for state-of-the-art educational materials, your Committee believes it is necessary to make this one-time appropriation to raise the standard of educational materials and related items and services to provide for adequate education in the public schools.

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. 2662 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, 2 (Hee, Slom).

SCRep. 2283 Education on S.B. No. 2663

The purpose of this measure is to make changes to the membership, nomination process, and responsibilities of and to provide necessary funding for increased information accessibility for the Hawaii Teacher Standards Board.

Testimony in support of the measure was submitted by the University of Hawaii System, the Hawaii State Teachers Association, and the Hawaii Teacher Standards Board. Testimony in opposition of the measure was submitted by the Office of the Governor and one individual.

Your Committee finds that the Hawaii Teacher Standards Board is responsible for licensing and regulating teachers and approving teacher preparation programs in the State. Your Committee further finds that several issues relating to the Hawaii Teacher Standards Board and its operations require consideration and modification. Over the past year, the nomination process for membership on the Hawaii Teachers Standards Board has been called into question. The process must provide for adequate and appropriate representation, which requires changes to the existing law.

Additionally, the Hawaii Teacher Standards Board has been working toward improving the quality and quantity of data accessible to parties in order to increase teacher quality. An electronic licensing system that is capable of interfacing with public and private educational institutions in Hawaii, as well as the Department of Education, is being developed; however, funding is required to support the free interchange of information among participating organizations. Your Committees believe that increased accountability by the Hawaii Teacher Standards Board is also necessary for the improvement and maintenance of teacher quality in the State.

This measure addressed the foregoing issues by specifying that the private and public school teacher and administrator representative organizations shall be responsible for providing recommendations for nomination to the Hawaii Teacher Standards Board. This measure also provides funding to support data or information management efforts of the Board and increases reporting requirements to include income and expenditure information and annual summary reports by the Board to the Legislature. Your

Committee received testimony that indicated that input for recommendations for nominations to the Board should also be provided to the Governor by professional organizations, and not only unions, representative of teachers and school administrators. Your Committee determines that this inclusion, along with the other provisions of this measure will improve the operations of the Hawaii Teacher Standards Board and, ultimately, the teacher workforce in the State.

Accordingly, your Committee has amended this measure by:

- (1) Including additional language to clarify the measure's purpose;
- (2) Specifying that national professional organizations that represent teachers and school administrators with a local chapter in Hawaii shall also be responsible for providing recommendations for nomination to the Hawaii Teacher Standards Board to the Governor; and
- (3) Making technical, nonsubstantive changes 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 S.B. No. 2663, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2663, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 3 (Hee, Taniguchi, Slom).

SCRep. 2284 Education on S.B. No. 2230

The purpose of this measure is to appropriate additional funds to the Department of Education for the development, renewal, and maintenance of classes in the fine arts at the secondary school level.

Testimony in support of the measure was submitted by four individuals. Testimony in opposition of the measure was submitted by the Department of Education and the Hawaii State Teachers Association.

Your Committee finds that during the No Child Left Behind Act era, we find our public schools struggling with having to divert funds from valuable programs and courses, such as those in the arts or physical education, to meet the mandates of the law. Your Committee further finds that programs and courses in the fine arts or performing arts are extremely important to a student's development and future ability to be accepted into certain colleges or universities. This measure provides funding to reinstitute and support fine arts programs at the secondary school level. The schools and the Department of Education have committed to working together throughout the session to develop cost estimates for fine arts or performing arts programs in public high schools that are in need of funding. Your Committee determines that the provision of funding as a one-time cost appropriation will be invaluable in providing for necessary equipment, such as musical instruments, to enhance the education of our public school students.

Accordingly, your Committee has amended this measure by specifying that funds shall be used for equipment or other one-time cost items in support of performing or fine arts programs or courses.

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. 2230, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2230, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 3 (Hee, Taniguchi, Slom).

SCRep. 2285 (Majority) Economic Development and Taxation on S.B. No. 2240

The purpose of this measure is to establish a refundable State of Hawaii earned income tax credit for individual taxpayers equal to twenty per cent of the federal earned income tax credit.

Specifically, this measure provides a targeted tax relief approach by establishing income tax credits for the different classes of individual taxpayers on a sliding scale to ensure that taxpayers who need tax relief actually receive it.

Testimony in support of this measure was submitted by the Hawai'i Alliance for Community-Based Economic Development, Aloha United Way, International Longshore and Warehouse Union Local 142, and the Legal Aid Society of Hawaii. Testimony in opposition of this measure was submitted by the Department of Taxation. Comments on this measure were submitted by the Tax Foundation of Hawaii.

Your Committee finds that providing individual taxpayers in Hawaii with a refundable earned income tax credit that is equal to twenty per cent of the federal earned income tax credit would enable some taxpayers to have more financial security and give low income working families an opportunity to offset the high cost of living in Hawaii. In addition, twenty-three other states already have a state earned income tax credit available for their taxpayers.

Your Committee continues to be concerned about the lack of reliable data regarding the level of fraud/errors that exist at the federal level, that may correspondingly, affect the accuracy of a large percentage of Hawaii tax filers. Before making any final determination on the feasibility of Hawaii's adoption of the earned income tax credit, your Committee encourages the proponents of the measure and the Department of Taxation to share their most current data with each other so that a determination can be made on whether past filing problems have actually been resolved.

Your Committee is therefore advancing this measure so that further discussions can take place on the issues identified above.

Your Committee received a fiscal impact statement from the Department of Taxation which estimates that this measure, as introduced, would result in an annual revenue loss to the State of \$23,800,000. Their methodology is as follows:

Based upon data for the 2005 Income Patterns Report, 68,560 resident taxpayers in Hawaii claimed the federal earned income tax credit totaling \$114,000,000. Multiplying that amount by the twenty per cent State earned income tax credit totals \$22,800,000. The

Department of Taxation estimates an additional \$1,000,000 claimed by part-year residents, which brings the total annual revenue loss to the State to \$23,800,000.

Your Committee has amended this measure by:

- (1) Adding married filing separately to the list of filing status examples;
- (2) Requiring the Director of Taxation to submit an annual report to the Legislature no later than twenty days prior to the convening of each Regular Session, beginning with the Regular Session of 2009;
- (3) Changing the applicable effective date of the tax credit to taxable years beginning after December 31, 2050, to facilitate further discussion on this measure; 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 and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2240, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2240, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, 1 (Slom). Excused, 2 (Baker, English).

SCRep. 2286 Economic Development and Taxation on S.B. No. 3114

The purpose of this measure is to improve the efficiency of tax administration.

Specifically, this measure:

- (1) Allows for a twenty per cent penalty on any excessive refund claims;
- (2) Clarifies what information, such as the taxpayer's identity and other information, is public, and what information should be redacted on a tax appeal;
- (3) Repeals the requirement that the Department of Taxation submit to the Legislature a digest summarizing all tax laws passed by Congress in the prior calendar year;
- (4) Makes state "Kiddie Tax" provisions consistent with federal law;
- (5) Allows the Tax Administration Special Fund to be used to administer the refundable credit for research activities;
- (6) Allows "canned computer software" to qualify for the capital goods excise tax credit;
- (7) Clarifies that sales of tangible personal property sold at wholesale are taxed at the rate of 0.5 per cent;
- (8) Expands the general excise tax exemption for certain shipbuilding and ship repair businesses to subsurface vessels;
- (9) Makes debts and judgments owed to the State or counties valid claims for purposes of recordation of tax lien encumbrance records; and
- (10) Clarifies that the Department of Taxation may continue to use social security numbers in the administration of Hawaii's tax laws.

Testimony in support of this measure was submitted by the Department of Taxation and Maritime Consultants of the Pacific. Testimony in opposition of this measure was submitted by Hawaii Science & Technology Council, Navatek, Ltd., and one individual citizen. Comments on the measure were submitted by the Tax Foundation of Hawaii.

Your Committee finds that it is important for the Department of Taxation to appropriately and accurately administer taxes in Hawaii, but that this measure should not encompass that tax administration problems of multiple statutes.

Accordingly, your Committee is limiting this measure to addressing the expansion of the exemption from general excise tax for surface vessels owned by the federal government or for use out-of-state to also be applicable to similar subsurface vessels. However, your Committee notes that it did not receive a fiscal impact statement from the Department of Taxation on the exemption from general excise tax for subsurface vessels owned by the federal government or for out-of-state use.

Your Committee has amended this measure by:

- (1) Deleting its contents, except for the provision that propose to expand the general excise tax exemption for certain shipbuilding and ship repair businesses to subsurface vessels;
- (2) Applying the foregoing exemption to gross proceeds or gross income received on or after January 1, 2009; and
- (3) Making technical, nonsubstantive amendments for the purpose of clarity and style.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation 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 Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (English).

SCRep. 2287 (Joint) Economic Development and Taxation and Energy and Environment on S.B. No. 2519

The purpose of this measure is to exempt entities that use diesel oil for power-generating facilities from the additional one cent increase in diesel oil license taxes.

Testimony in support of this measure was submitted by Kauai Island Utility Cooperative. Comments on the measure were submitted by the Department of Taxation and the Tax Foundation of Hawaii.

Act 209, Session Laws of Hawaii 2007, increased the rate of license tax imposed upon fuel distributors by section 243-4, Hawaii Revised Statutes, by an additional one cent per gallon of liquid fuel. Your Committees find that in enacting Act 209, the Legislature did not intend the increased rate to be applicable to diesel oil sold or used for electrical power-generating facilities. Rather, your Committees believe that the intent of the Act was to tax other transportation related fuels that did not contain alcohol.

Accordingly, it is the intent of your Committees to support an exemption from the additional one cent license tax on diesel oil that is used by power-generating facilities.

Your Committees received a fiscal impact statement from the Department of Taxation that this measure, as introduced, would not result in any impact to the general fund, but would reduce revenues to the State Highway Fund by \$600,000 in fiscal year 2008, \$1,200,000 in fiscal year 2009, and \$600,000 in fiscal year 2010. The measure would not have any impact on the State Highway Fund after fiscal year 2010. Their methodology is as follows:

The tax rate on the fuel is set to decrease from two cents per gallon to one cent on December 31, 2009, thus multiplying the rate changes by one hundred twenty million gallons of diesel oil used by the State for non-highway purposes in fiscal year 2007 would result in the fluctuating fiscal impact to the State Highway Fund.

Your Committees have amended this measure by:

- (1) Repealing the repeal of the definition of "power-generating facility", which is scheduled to occur on December 31, 2009 under Act 103, Session Laws of Hawaii 2007;
- (2) Ensuring that the amendments made to section 243-4, Hawaii Revised Statutes, by this Act will not be repealed when that section is repealed on December 31, 2009; and
- (3) Making technical, nonsubstantive amendments for the purpose of clarity.

As affirmed by the records of votes of the members of your Committees on Economic Development and Taxation and Energy and Environment that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2519, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2519, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 9. Ayes with Reservations, 1 (Trimble). Noes, none. Excused, 2 (English, Ihara).

SCRep. 2288 Intergovernmental and Military Affairs on H.B. No. 660

The purpose of this measure is to clarify that the circuit courts have jurisdiction over actions for impeachment of county officers that are subject to impeachment.

Your Committee received testimony in support of this measure from the Ethics Commission of the City and County of Honolulu.

Your Committee finds that this measure is necessary to validate the various county ordinances relating to appeals of county impeachment cases. Currently, counties enact ordinances to provide for an appeals process to the courts in impeachment cases. However, only the Legislature has authority to enact laws to specify the jurisdiction of the courts.

The intent of this measure is to facilitate the enactment of valid county ordinances providing for an impeachment process applicable to county officials.

As affirmed by the record of votes of the members of your Committee on Intergovernmental and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 660, and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, none.

SCRep. 2289 (Joint) Education and Judiciary and Labor on S.B. No. 3253

The purpose of this measure is to address workforce development issues within the State through various initiatives, programs, and appropriations, as recommended by the Educational Workforce Working Group, established pursuant to Act 283, Session Laws of Hawaii 2007.

Specifically, this measure:

- (1) Creates unique identifiers for students grades kindergarten to twelve as they move into the workforce and appropriates funds to conduct a study to develop interfacing with existing databases;
- (2) Establishes a Community-Business Education Exchange coordinator to nurture stronger partnerships between the community and the schools;
- (3) Expands the Running Start Program to include internships to be created by the Community-Business Education Exchange and the Department of Education;
- (4) Establishes penalties for truant students and their parents or guardians;
- (5) Extends the Educational Workforce Working Group established pursuant to Act 283, Session Laws of Hawaii 2007, for two additional years and provides funding therefor;

- (6) Requires the University of Hawaii to implement incentives and performance based budgeting; and
- (7) Appropriates funds for working adult scholarships.

Testimony in support of the measure was submitted by the Department of Education, the University of Hawai'i System, the Workforce Development Council, HiTech Quest, the Honolulu Community Action Program, and one individual. Comments on the measure were also submitted by the Judiciary.

Your Committees find that current workforce needs in the State are not being adequately met, and the State must develop innovative and alternative means for providing an adequate, qualified workforce to meet Hawaii's needs. Your Committees further find that, in response to this issue, pursuant to Act 283, Session Laws of Hawaii 2007, the Legislature established the Educational Workforce Working Group, to address workforce needs and methods for increasing the workforce supply in the State. The Educational Workforce Working Group made several recommendations, and this measure implements those recommendations.

This measure extends the duration of the Educational Workforce Working Group and requires additional reporting requirements so that the Legislature may focus its efforts in the future to address workforce needs. This measure also supports the development of database interfacing of information on students as they progress through school and move into the workforce, the establishment of community partnerships with the schools, and the provision of assistance to working adults seeking to begin second careers in critical workforce shortage areas.

Your Committees continue to support the Working Group and its recommendations and believe the provisions of this measure will help to grow and support the workforce needs of the State. However, your Committees also recognize that some of the provisions contained in this measure have been separately entertained by these or other committees, or may otherwise not be appropriate for inclusion in this measure.

Accordingly, your Committees have amended this measure by:

- (1) Removing the provisions that:
 - (A) Expand the Running Start Program to include internships to be created by the Community-Business Education Exchange and the Department of Education;
 - (B) Establish penalties for truant students and their parents or guardians; and
 - (C) Require the University of Hawaii to implement incentives and performance based budgeting; and
- (2) Making technical, nonsubstantive changes for purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Education and Judiciary and Labor that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3253, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3253, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 7. Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2290 (Joint) Education and Human Services and Public Housing on S.B. No. 2466

The purpose of this measure is to increase opportunities for special needs preschoolers to interact with their non-disabled peers.

The measure also appropriates an unspecified sum of moneys for this purpose.

Testimony in support of the measure was submitted by the Department of Education, the Department of Human Services, the Center on Disability Studies, the Hawaii State Teachers Association, Good Beginnings Alliance, and three individuals.

Your Committees find that the Individuals with Disabilities Act requires that children with disabilities be educated in the least restrictive environment with children who are not disabled. Your Committees further find that integrating children with disabilities with non-disabled children can have multiple positive impacts on their abilities to socialize, gain language, motor, and cognitive skills, and improve play skills. This measure fills the current void by providing opportunities for special needs preschool students to interact with non-disabled preschool students by requiring that the Department of Education include opportunities for special needs preschool students in its quality early education plan.

Upon further consideration of the testimony and information provided, your Committees believe that further clarification is necessary to ensure that appropriate special education and related services are provided and to guide the Departments of Education and Human Services on areas to consider in addressing the needs of special needs preschoolers.

Accordingly, your Committees have amended this measure by:

- (1) Specifying that a special education eligible student may receive special education and related services in certain private preschool programs;
- (2) Clarifying that the Departments of Education and Human Services should consider increasing and developing methods for increasing the number of eligible recipients of preschool program tuition subsidies to enable all parents, including those of children with disabilities, to access preschool programs offered by the department; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Education and Human Services and Public Housing that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2466, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2466, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 6. Noes, none. Excused, 5 (Hee, Hooser, Nishihara, Taniguchi, Hemmings).

SCRep. 2291 (Joint) Health and Education on S.B. No. 2403

The purpose of this measure is to:

- (1) Combat substance abuse among youth and adolescents using school-based treatment programs; and
- (2) Provide therapeutic living programs to newly recovering addicts assists them in becoming contributing members of the community.

Specifically, this measure appropriates \$940,062 for substance abuse services for youth and adolescents and \$1,176,000 for the establishment of therapeutic living programs.

Your Committees received testimony in support of this measure from Aloha House, Inc. and thirty three individuals. The Hawaii Substance Abuse Coalition submitted testimony in support with recommended amendments. The Department of Health submitted comments on this measure.

Your Committees find that school-based substance abuse treatment programs are an effective mechanism to treat, intervene, and counsel many of our at-risk youth statewide. Your Committees further find that providing the necessary support for clients of treatment programs to successfully transition to independent living is essential to their success.

Your Committees have amended this measure by:

- (1) Revising the appropriation amount for the school-based substance abuse programs to \$800,767, which is to be apportioned as follows:

Oahu	\$ 100,000
Kauai	180,000
Maui	121,000
Hawaii	399,676; and

- (2) Making technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Health and Education that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2403, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2403, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 12. Noes, none. Excused, 1 (Hee).

SCRep. 2292 Human Services and Public Housing on S.B. No. 2395

The purpose of this measure is to clarify definitions related to language access, require covered entities to file a language access plan with the Office of Language Access and designate a language access coordinator, and expand the Language Access Advisory Council to include members from each of the counties and from eleven to fifteen members.

Testimony in support of this measure was submitted by the Office of Language Access; Project Director, Office on Equality and Access to the Courts, The Judiciary, State of Hawaii; and the Congress of Visayan Organizations. Comments were submitted by the Commissioners of the Hawai'i Civil Rights Commission; and Na Loio, Immigrant Rights and Public Interest Legal Center.

Your Committee finds that this measure will strengthen Hawaii's language access law and will enable the Office of Language Access to be more effective in performing its functions, ensuring compliance with the law by providing meaningful access to essential government services to limited English proficient individuals.

The Office of Language Access has suggested to your Committee that:

- (1) The definition for "purchase-of-service contract" include situations where the contract is between the State and an individual;
- (2) The term "state agency", rather than just "state", is used throughout the existing language access law; and
- (3) The Office of Language Access has been successfully working with covered entities to voluntarily submit copies of their language plans.

Accordingly, your Committee has amended this measure by:

- (1) Stipulating that a "purchase-of-service contract" is between the State and any person;
- (2) Changing the definition of "state" to make it identical to "state agency"; and
- (3) Omitting the requirement that each covered agency submit a language access plan to the Executive Director of the Office of Language Access.

As affirmed by the record of votes of the members of your Committee on Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2395, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2395, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Hemmings).

SCRep. 2293 (Majority) Judiciary and Labor on S.B. No. 2779

The purpose of this measure is to clarify the circumstances under which the Governor may suspend statutes relating to wages and hours on public work projects.

Testimony in support of this measure was submitted by the Hawaii Carpenters Union. Testimony in opposition was submitted by the Department of Labor and Industrial Relations and the Department of Accounting and General Services.

Your Committee finds that this measure is necessary to clarify the circumstances in which the Governor may suspend wage and hour laws on public work projects and to ensure that emergency powers are used properly and not to the detriment of Hawaii's workers.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2779 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, 1 (Slom). Excused, 2 (Hee, Kokubun).

SCRep. 2294 Judiciary and Labor on S.B. No. 2493

The purpose of this measure is to:

- (1) Appropriate funds necessary for all collective bargaining cost items in the agreement negotiated with the exclusive bargaining representative of collective bargaining Unit 5; and
- (2) Appropriate funds for salary increases and other cost adjustments authorized by chapter 89C, Hawaii Revised Statutes, for state officers and employees in the executive branch who are excluded from collective bargaining and belong to the same compensation plan as those officers and employees within collective bargaining Unit 5.

Testimony in support of this measure was received from Hawaii State Teachers Association. Comments were submitted by the Office of Collective Bargaining.

Your Committee finds that these funds are necessary to meet the collective bargaining cost items for collective bargaining Unit 5 and for various salary increases.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2493 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2295 Judiciary and Labor on S.B. No. 2876

The purpose of this measure is to appropriate funds to the various county workforce investment boards.

Your Committee received testimony in support of this measure from the Workforce Development Council, the County of Hawaii, the Hawaii County Workforce Investment Board, and the Hawai'i Island Workforce and Economic Development Ohana.

Your Committee finds that the appropriation of Reed Act funds is necessary so that the county workforce investment boards can continue to develop innovative ideas and initiatives in the area of workforce development. As this measure moves on to the Committee on Ways and Means, your Committee would like to note that the amount requested by Hawaii county is \$2,000,000.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2876 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2296 Judiciary and Labor on S.B. No. 3088

The purpose of this measure is to authorize the Labor and Industrial Relations Appeals Board to employ a hearings officer.

Testimony in support of this measure was submitted by the Labor and Industrial Relations Appeals Board, the Department of Labor and Industrial Relations, the ILWU, and the Hawaii Medical Association.

Your Committee finds that this measure will allow the Labor and Industrial Relations Appeals Board to expedite hearings on workers' compensation treatment plan issues, vocational rehabilitation issues, and temporary total disability issues, as well as affording expedited resolution of time-sensitive matters from the Director of Labor and Industrial Relations to the Labor and Industrial Relations Appeals Board.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3088 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2297 Commerce, Consumer Protection and Affordable Housing on S.B. No. 2982

The purpose of this measure is to increase the availability of affordable housing in the State by allowing the Hawaii Community Development Authority (HCDA) to sell the fee simple interest in newly developed reserved housing units, and administer buyback provisions and resell reserved housing units located in the Kakaako Community Development District.

Testimony in support of this measure was submitted by the Hawaii Community Development Authority and the Office of Hawaiian Affairs.

Section 206E-31.5, Hawaii Revised Statutes, prohibits, with certain exceptions, HCDA from selling or otherwise assigning the fee simple interest in any lands in the Kakaako Community Development District to which HCDA holds title in its corporate capacity. Your Committee finds that section 206E-31.5 prevents HCDA from selling newly developed reserved housing units developed within the Kakaako Community Development District, or exercising buyback provisions under its reserved housing rules and then reselling these units to qualified buyers.

The HCDA reserved housing program, among other requirements under chapter 206E, part III, Hawaii Revised Statutes, targets Hawaii residents who earn one hundred forty per cent or less of the median income; have not owned real property as a principal residence for the prior three years; and desire to be owner-occupants. Amending section 206E-31.5, Hawaii Revised Statutes, to allow HCDA to exercise its buyback provisions under its reserved housing rules will expand affordable housing opportunities for qualified Hawaii residents and enable these buyers to acquire a home.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2982 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 3 (Ihara, Sakamoto, Taniguchi).

SCRep. 2298 Human Services and Public Housing on S.B. No. 3061

The purpose of this measure is to conform certain terms used in statute to mirror federal terms in the First-To-Work Program, and to conform the state program to federal requirements.

Your Committee received testimony in support of this measure from the Department of Human Services.

The First-To-Work Program encourages, assists, and requires Temporary Assistance for Needy Families and Temporary Assistance for Other Needy Families applicants and recipients to fulfill their responsibilities to support their children by preparing for, accepting, and retaining employment. Your Committee finds that this measure allows the Department of Human Services to recognize current federal regulations, as well as have the flexibility to adjust to future federal regulatory changes pertaining to the First-To-Work Program.

As affirmed by the record of votes of the members of your Committee on Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3061 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Hemmings).

SCRep. 2299 Health on S.B. No. 3075

The purpose of this measure is to protect the public health by allowing the Department of Health to conduct epidemiological investigations in a timely manner in order to contain and prevent outbreaks of dangerous diseases.

Specifically, this measure amends section 321-29, Hawaii Revised Statutes, to allow the Department of Health to collect samples necessary for epidemiologic investigations.

Your Committee received testimony in support of this measure from the Department of Health.

Your Committee finds that epidemiological investigations have been impeded by the refusal of individuals who do not allow Department of Health investigators access to property, or permission to obtain samples necessary for analysis. Your Committee further finds that the timely collection of plant, animal, food, or environmental samples is necessary for the Department to conduct effective investigations and protect the public from outbreaks of dangerous diseases.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3075 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Menor, Whalen).

SCRep. 2300 Judiciary and Labor on S.B. No. 2399

The purpose of this measure is to amend various provisions of the Hawaii Revised Statutes and the Session Laws of Hawaii pursuant to the statute revision program of the Legislative Reference Bureau under chapter 23G, Hawaii Revised Statutes.

All amendments are of a purely technical nature and correct errors, update references, clarify language, and delete obsolete or unnecessary language. As is the case each year, the bill was reviewed by the Office of the Attorney General prior to introduction.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2399 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2301 Commerce, Consumer Protection and Affordable Housing on S.B. No. 2407

The purpose of this measure is to ensure fairness and integrity in the lending and real estate industries by prohibiting licensees with an interest in a real estate transaction involving an appraisal from improperly influencing the reporting, result, or review of a real estate appraisal.

Testimony in support of this measure was submitted by two private individuals. The Department of Commerce and Consumer Affairs submitted comments.

As losses due to the subprime lending crisis continue to work their way through the financial markets across the nation, there is a growing trend of unfavorable practices exercised to increase property value in order for affected individuals or entities involved in the real estate transaction to increase their own profits. Real estate appraisers have indicated being pressured into appraising real estate at a value that would exceed a value that complies with the current uniform standards of professional appraisal practice. Your Committee finds that prohibiting individuals with an interest in a real estate transaction from improperly influencing the reporting, result, or review of a real estate appraisal will assist in ensuring fairness in the real estate and lending markets.

The Professional and Vocational Licensing Division of the Department of Commerce and Consumer Affairs indicated to your Committee that the language in this measure referring to licensees is too broad as it would apply to licensed individuals who are not connected with real estate appraisers or appraisals. Furthermore, Department testimony indicated that amending chapter 466K, Hawaii Revised Statutes, relating to real estate appraisers would be inappropriate as the prohibition of improperly influencing real estate appraisers is not intended to regulate real estate appraisers. Lastly, it was suggested by the Department to amend the chapter relating to mortgage brokers and solicitors, and, after consultation with the Financial Institutions Commissioner, to amend the Code of Financial Institutions under chapter 412, Hawaii Revised Statutes. Your Committee recognizes that amending these chapters will not provide a full blanket protection against improper influence as there are more individuals and entities involved in a real estate transaction than mortgage brokers and financial institutions in Hawaii, but believes that this will provide more protection than what is currently afforded to real estate appraisers.

Accordingly, your Committee has amended this measure by:

- (1) Deleting sections 1 and 2 of this measure and replacing it with language that:
 - (a) Amends chapter 412, Hawaii Revised Statutes, to prohibit financial institutions from improperly influencing a real estate appraisal, to allow exemptions, and to authorize the Financial Institutions Commissioner to enforce this new prohibition; and
 - (b) Amended chapter 454, Hawaii Revised Statutes, to prohibit mortgage brokers and solicitors from improperly influencing a real estate appraisal, to allow exemptions, and to authorize the Director of Commerce and Consumer Affairs to enforce this new prohibition;
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee believes that this measure, as amended, fulfills the intent of this measure, which is to ensure fairness and integrity in the lending and real estate industries.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2407, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2407, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 4. Ayes with Reservations, 1 (Trimble). Noes, none. Excused, 3 (Ihara, Sakamoto, Taniguchi).

SCRep. 2302 (Joint) Transportation and International Affairs and Intergovernmental and Military Affairs on S.B. No. 3240

The purpose of this measure is to allow an active service member of the United States Armed Forces to apply for renewal of a driver's license twenty-four months prior to the date of expiration.

The Department of Defense and Department of Transportation submitted testimony stating that the measure is unnecessary. The City and County of Honolulu submitted testimony in opposition with recommendations for amendments.

Your Committees find that depending on when the service member applies for a renewal, under this measure Hawaii will effectively be issuing a driver's license that will be valid up to eight years. This eight-year license would be available only to service members. Currently, any applicant that is issued a Hawaii driver's license is able to renew by mail within six months prior to the license expiration date and ninety days after expiration, without penalty. Additionally, any applicant may renew a driver's license within one year after its expiration date. Service members on active federal service outside of the State may file for a renewal within ninety days of the applicant's return to the State or discharge from hospitalization and the reactivation fee is waived.

Your Committees further find that the amendments recommended by the City and County of Honolulu would provide a more equitable option, without penalizing service members should the driver's license expire while a service member is deployed outside the United States.

Your Committees have amended this measure accordingly, by deleting and replacing its contents with an amendment to section 286-106, Hawaii Revised Statutes, to:

- (1) Increase the valid period of a driver's license from six to eight years;

- (2) Authorize the examiner of drivers to issue a license for a shorter period if the licensee has a physical condition or conditions that the examiner of drivers reasonably believes may impair the driver's ability to drive;
- (3) Allow the expired driver's license of a member of any component of the United States Armed Forces who is on active federal service and whose driver's license had expired while deployed outside the United States, to remain valid for ninety days after the service member's return to the United States; and
- (4) Change the effective date to reflect the November 1, 2008, change in the City and County of Honolulu's licensing computer program.

As affirmed by the records of votes of the members of your Committees on Transportation and International Affairs and Intergovernmental and Military Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3240, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3240, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chairs on behalf of the Committees. Ayes, 8. Noes, none. Excused, none.

SCRep. 2303 Tourism and Government Operations on S.B. No. 2825

The purpose of this measure is to allow the Administrator of the State Procurement Office, who is also the State's Chief Procurement Officer, to determine corrective actions to be taken to by governmental bodies in procurement matters, including the assessment of administrative fines.

Your Committee received testimony in support of this measure from the State Procurement Office; H2 Technologies, Inc.; Hawaii Angels; Global Education Trust; Archinoetics, LLC; Hawaii Venture Capital Association; Produced By You.com, LLC; PacifiCap Group; Kolohala Holdings LLP; and one individual. Testimony in opposition was received from the Department of Accounting and General Services.

Your Committee finds that governmental bodies are culpable at times for procurements that are not in compliance with law. Act 142, Session Laws of Hawaii 2007, provides general authority to the Chief Procurement Officer to assess fines against any person. The intent of Act 142 was to include state personnel under the term "any person".

The intent of this measure is to clarify that the Administrator of the State Procurement Office may assess fines in those instances against governmental bodies, including public employees, as well as to make determinations as to corrective actions.

Your Committee has amended this measure by:

- (1) Allowing the thirty day period for compliance to be extended by the Administrator of the State Procurement Office upon request of a procurement officer;
- (2) Adding a provision to make the Comptroller an ex-officio nonvoting member of the State Procurement Policy Board; and
- (3) Making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Tourism and Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2825, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2825, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, none.

SCRep. 2304 Tourism and Government Operations on S.B. No. 2827

The purpose of this Act is to require the purchasing agency to supply public contract bidders with the information required to determine if there is a need to investigate filing a protest action, before such a filing becomes untimely.

Your Committee received testimony in support of this measure from the Department of Accounting and General Services and the State Procurement Office.

Your Committee finds that bidders in a public contract award are often unaware that there is cause for filing a protest prior to the deadline for filing a protest. It has come to your Committee's attention that unsuccessful bidders may be unaware that the procuring governmental body may have engaged in procedural irregularities that may justify a filing of a protest. Under the State's procurement code, protests to contract awards must be filed within five working days of the award. This timeframe leaves little time for a bidder to review the reasons for not winning a contract. Your Committee believes that public contract bidders should have timely access to bid evaluation and award information in order to exercise their appeal rights under the State's procurement code.

Your Committee has amended this measure by:

- (1) Deleting the purpose section;
- (2) Making clarifying changes in the language on the recommendation of the Comptroller; and
- (3) Making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Tourism and Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2827, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2827, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 1 (Trimble).

SCRep. 2305 (Joint) Agriculture and Hawaiian Affairs and Energy and Environment on S.B. No. 2850

The purpose of this measure is to establish and fund the Department of Agriculture's biosecurity program.

Testimony in support of this measure was submitted by the Board of Agriculture, Board of Land and Natural Resources, Department of Transportation, Hawaii Farm Bureau Federation, Hawaii Agriculture Research Center, Hawaii Crop Improvement Association, Conservation Council for Hawaii'i, and Coordinating Group on Alien Pest Species.

Your Committees find that the unchecked spread of invasive species is the single greatest threat to Hawaii's economy, natural environment, and the health and lifestyle of Hawaii's people. Invasive pests can cause millions of dollars in crop losses, the extinction of native species, the destruction of native forests, the spread of disease, and the quarantine of exported agricultural crops.

Island ecosystems are particularly vulnerable to the destructive power of invasive pests. In Guam, the accidental introduction of the brown tree snake has resulted in widespread devastation. Without natural predators or competition for food, brown tree snake populations have grown exponentially, causing mass extinctions of endemic birds, power outages, and medical incidents. Where there were once bird songs, the silent forests of Guam are now home to as many as 15,000 snakes per square mile. Just one new pest like the brown tree snake could forever change the character of the Hawaiian Islands. According to studies, the introduction of the brown tree snake to Hawaii could result in upwards of \$485,000,000 in annual costs.

Despite the State's ongoing efforts to detect and eradicate invasive species, its fragile island ecosystems are constantly at risk from insects, disease-bearing organisms, snakes, weeds, and other invasive pests. The coqui frog, salvinia molesta, miconia calvescence, ohia rust, nettle caterpillar, and red imported fire ant are all present in Hawaii, disrupting the delicate balance of its ecosystems, crowding out native species, and reducing the biodiversity of our islands. Other harmful species like the papaya mealybug, erythrina gall wasp, Asian citrus psyllid, and varroa mite have the potential to devastate Hawaii's environment and agriculture if allowed to become established and spread unchecked by natural predators.

The Department of Agriculture has created a biosecurity program to fight invasive species on several fronts by:

- (1) Administering pre-entry measures to minimize the risk of invasive pests entering the State;
- (2) Conducting port-of-entry inspections to detect and quarantine or destroy pests upon arrival; and
- (3) Administering post-entry measures to mitigate the establishment of pests in the State.

The Department of Agriculture has also supported the growth of Hawaii's agriculture by attempting to reduce the State's dependency on imported agricultural products which may contain pests. Your Committees find that sufficient support for a biosecurity program is vital to the public health and welfare of Hawaii.

Your Committees have amended this measure by:

- (1) Adding that an appropriation be made to the Department of Agriculture for the planning and design of the interim joint inspection facility and permanent joint inspection facility for the biosecurity program; and
- (2) Making technical, nonsubstantive amendments for the purpose of clarity and style.

With regard to the appropriation made to the Department of Agriculture for the planning of the interim joint-use inspection facility and permanent joint-use inspection facility for the biosecurity program, your Committees have made this appropriation for an unspecified amount, however, your Committees recommend that future committees hearing this measure appropriate \$5,000,000 for those purposes.

As affirmed by the records of votes of the members of your Committees on Agriculture and Hawaiian Affairs and Energy and Environment that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2850, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2850, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 10. Noes, none. Excused, none.

SCRep. 2306 Energy and Environment on S.B. No. 3001

The purpose of this measure is to clarify provisions of chapter 269, part VII, Hawaii Revised Statutes, relating to the administration and use of moneys supporting energy-efficiency and demand-side management programs and services.

Specifically, this measure clarifies the Public Utilities Commission's administration of moneys collected by Hawaii's electric utilities from its ratepayers through the demand-side management surcharge known as the public benefits fee, by allowing the demand-side management surcharge proceeds to be transferred to and managed by a third party administrator appointed by the Public Utilities Commission.

Testimony in support of this measure was submitted by the Public Utilities Commission; Department of Business, Economic Development & Tourism; Department of Commerce and Consumer Affairs, Department of Commerce and Consumer Affairs; Hawaiian Electric Company Inc. and its subsidiary utilities, Maui Electric Company Ltd, and Hawaii Electric Light Company; and the Hawaii Solar Energy Association.

Your Committee finds that this clarification of the statute will assist the Public Utilities Commission in the administration of the demand-side management surcharge by allowing State agencies to participate in energy efficiency and demand-side management programs and services and clarify the law with respect to the processes and procedures applicable to administration of the moneys collected and dispersed for these programs and services.

Your Committee has amended this measure 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 Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3001, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3001, S.D. 1, and be referred to the Committees on Commerce, Consumer Protection, and Affordable Housing and Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Kokubun).

SCRep. 2307 (Majority) Energy and Environment on S.B. No. 2628

The purpose of this measure is to require telephone utilities and companies that publish or distribute telephone directories to distribute directories only upon receiving written authorization executed by the customer.

Testimony in support of this measure was submitted by the Sierra Club. Testimony in opposition to this measure was submitted by Hawaiian Telecom and Local Insight Media.

Your Committee finds that limiting the distribution of telephone directories to those consumers who have specifically requested them will reduce litter from unclaimed directories and contribute to the effort to reduce paper waste.

Your Committee has amended this measure 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 Energy and Environment 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 Commerce, Consumer Protection, and Affordable Housing.

Signed by the Chair on behalf of the Committee. Ayes, 3. Ayes with Reservations, 1 (Hooser). Noes, 1 (Trimble). Excused, 1 (Ihara).

SCRep. 2308 Energy and Environment on S.B. No. 2991

The purpose of this measure is to remedy the deficiencies in existing statutes governing energy policy planning, and provide policy guidance needed to provide adequate detail on the nature and relationship of the energy data analyses functions required of the State's energy program.

Testimony in support of this measure was submitted by the Department of Business, Economic Development, and Tourism. Comments were submitted by the Office of Information Practices.

Your Committee finds that supporting the Energy Resources Coordinator in gaining technical capability and capacity to quantitatively and qualitatively evaluate, analyze, develop, and coordinate implementation of private and public sector energy planning efforts, and recommend market-based policies to develop Hawaii's energy systems and resources in all sectors promotes the State's energy goals.

The Office of Information Practices has suggested to your Committee that the section pertaining to information that the Energy Resources Coordinator is obligated to keep confidential requires clarification.

Accordingly, your Committee has amended this measure by:

- (1) Clarifying that that only information that could properly be withheld from disclosure under the Uniform Information Practices Act, Chapter 92F, Hawaii Revised Statutes, is required to be kept confidential; and
- (2) 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 Energy and Environment 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 Second Reading in the form attached hereto as S.B. No. 2991, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Ihara, Kokubun).

SCRep. 2309 Energy and Environment on S.B. No. 2034

The purpose of this measure is to authorize the issuance of special purpose revenue bonds to assist Oceanlinx Hawaii LLC in planning, designing, and constructing a wave or hydrokinetic power facility on Maui.

Testimony in support of this measure was submitted by Oceanlinx Hawaii LLC; and Hawaiian Electric Company, Inc. and its subsidiary utilities, Maui Electric Company, Ltd. and Hawaii Electric Light Company, Inc.

Your Committee finds that this measure will, by contributing to the production of renewable energy resources, provide numerous benefits, including:

- (1) Reducing dependence on imported fossil fuels for electrical generation, thereby increasing Hawaii's energy security;
- (2) Helping to meet Hawaii's renewable energy goals by using existing natural energy resources;
- (3) Supporting the environmentally beneficial development of one of Hawaii's abundant renewable energy resources; and
- (4) Assisting the State, County of Maui, and the federal government to meet their goals and mandates for energy efficiency and renewable energy use.

As affirmed by the record of votes of the members of your Committee on Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2034 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Ihara).

SCRep. 2310 Energy and Environment on S.B. No. 3190

The purpose of this measure is to authorize the issuance of special purpose revenue bonds in an amount not exceeding \$35,000,000 to assist Sopogy, Inc. with the planning, designing, construction, equipping, and operating of a solar farm power plant on the island of Oahu.

Testimony in support of this measure was submitted by Sopogy, Inc. and the Hawaii Renewable Energy Alliance

Your Committee finds that the construction of the solar farm power plant that Sopogy, Inc. seeks to create on the island of Oahu will support the State's renewable energy goals.

As affirmed by the record of votes of the members of your Committee on Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3190 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Ihara).

SCRep. 2311 Energy and Environment on S.B. No. 2624

The purpose of this measure is to appropriate funds for the continuation of the Hawaii Energy Policy Forum.

Specifically, this measure appropriates funds so that the Hawaii Energy Policy Forum may continue to implement the vision, concepts, and recommendations of the updated ten point plan to meet Hawaii's energy goals.

Testimony in support of this measure was submitted by the Division of Consumer Advocacy, Department of Commerce and Consumers Affairs; University of Hawai'i System; Hawaiian Electric Company, Inc. and its subsidiary utilities, Hawaii Electric Light Company, Inc., and Maui Electric Company, Ltd.; Hawaii Renewable Energy Alliance; Hawaii Solar Energy Association; and Hawaii Energy Policy Forum. Comments were submitted by the Department of Business Economic Development, and Tourism.

Your Committee finds that the continuation of the Hawaii Energy Policy Forum will allow stakeholders to continue their work from planning to implementation, and it will permit further engagement of policymakers, decision-makers, and consumers on issues relevant to creating Hawaii's preferred energy future.

As affirmed by the record of votes of the members of your Committee on Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2624 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Kokubun).

SCRep. 2312 Energy and Environment on S.B. No. 2844

The purpose of this measure is to appropriate funds to establish a full-time, permanent renewable energy facilitator position in the Department of Business, Economic Development, and Tourism.

Testimony in support of this measure was submitted by the Department of Business, Economic Development, and Tourism; Castle & Cooke Hawaii; the Hawaii Renewable Energy Alliance; and the Hawaii Solar Energy Association.

Your Committee finds that an investment in additional personnel will be useful in streamlining the permitting process, which would encourage private companies to commit the capital, time, and effort necessary to develop renewable energy projects.

As affirmed by the record of votes of the members of your Committee on Energy and Environment 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 referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Ihara, Kokubun).

SCRep. 2313 Agriculture and Hawaiian Affairs on S.B. No. 2908

The purpose of this measure is to establish a pilot nonprofit developer consultation project within the Department of Hawaiian Home Lands to increase the number of nonprofit developers of affordable homes in Hawaii.

Testimony in support of this measure was submitted by the Department of Hawaiian Home Lands, Council for Native Hawaiian Advancement, Hawaiian Homelands Assembly, Ikaika O Kalani Farms, and two individuals.

Your Committee finds that the lack of affordable housing in Hawaii is one of the major concerns for the people in Hawaii who do not own a home. To aid in resolving that concern, funds are needed to enable the Department of Hawaiian Home Lands to gather industry experts and community leaders to identify key strategies and approaches to expanding the production of affordable housing units, including self-help, multi-family, and single-family units, that are owned and operated by nonprofit developers and community organizations.

In order to create sustainable economic development projects, a pilot nonprofit developer consultation project program needs to be established to examine and produce recommendations to increase the participation of community based organizations in development projects. The program is also needed to identify new and existing community based organizations that have the capacity to build affordable housing in order to reduce the reliance on private sector developers and to meet the affordable housing needs of

beneficiaries of the Hawaiian Homes Commission Act of 1920, as amended. This project furthers the goals of the Department of Hawaiian Home Lands by pursuing self determination within homestead communities, and also furthers the goals of the Department of Hawaiian Home Lands' Native Hawaiian community development plan.

The pilot project would initially be started on Hawaiian homestead lands, but your Committee recognizes the important role nonprofit developers and community based organizations could have in meeting the State's overall affordable housing needs.

As affirmed by the record of votes of the members of your Committee on Agriculture and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2908 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (Hee).

SCRep. 2314 (Joint) Agriculture and Hawaiian Affairs and Intergovernmental and Military Affairs on S.B. No. 2521

The purpose of this measure is to appropriate moneys for a feasibility study on the creation of a private or governmental entity to manage, operate, and maintain reservoirs, dams, and ditch systems in the county of Kaua'i. This entity would enter into voluntary agreements with reservoir, dam, and ditch owners to assume the responsibility to operate and maintain their systems and distribute water to users.

Testimony in support of this measure was submitted by the State Agribusiness Development Corporation, County of Kaua'i Office of the Mayor, County of Kaua'i Office of Economic Development, County of Kaua'i Fire Department, Kaua'i Chamber of Commerce, East Kauai Water Users' Cooperative, Kauai Organic Farms, Sustain Kauai/Save Our Seas, Save Waiakalua Group, Malama Kaua'i, Porter Irrigation, LLC, County of Kaua'i Office of the County Attorney, and one individual. Testimony in opposition to this measure was submitted by Lotus Farm and Nursery.

Your Committees find that the continued viability of reservoirs, dams, and ditch systems in the county of Kaua'i is necessary, since they are a part of the water infrastructure needed by agriculture. Additionally, water from the reservoirs is used by the fire department to suppress brush and wild fires and to recharge the aquifer.

The passage of the Hawaii Dam and Reservoir Safety Act (Act 262, Session Laws of Hawaii 2007) broadened the State's authority to regulate dams and reservoirs, adopt rules and standards for dams and reservoirs, and create new fees and penalties for owners in violation.

With the increased exposure to penalties and liability, owners of reservoirs, dams, and ditch systems in the County of Kaua'i are currently considering or are in the process of decommissioning their water supply systems. If the systems are decommissioned, the County will lose affordable sources of water for agriculture and may also place additional burdens on the County's water supply. The loss of these water sources will also negatively impact emergency services, from decreasing the county Fire Department's ability to quickly access water to fight brush and wildfires, to flooding as a result of water run off.

In many regions around the world, entities have been created to manage, operate, and maintain water storage and distribution facilities for the benefit of agricultural users. These entities are particularly necessary when the owners do not have an incentive to maintain the facilities because they do not need to use them to store or transmit the water for their own purposes.

Your Committees find that the creation of an entity to provide countywide or statewide operation and maintenance of reservoir, dam, and ditch systems could have beneficial results. For example, a management entity may be able to obtain insurance coverage unavailable to individual owners, and such an entity could provide an efficient operation and maintenance program across the State.

As affirmed by the records of votes of the members of your Committees on Agriculture and Hawaiian Affairs and Intergovernmental and Military Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2521 and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 7. Noes, none. Excused, 2 (Hee, Tsutsui).

SCRep. 2315 (Majority) Agriculture and Hawaiian Affairs on S.B. No. 2905

The purpose of this measure is to direct the Legislative Reference Bureau to undertake a study to evaluate possible impacts on farmers, processors, retailers, and consumers if certain changes are made to the current Hawaii Kona coffee blend laws, identify strategies to strengthen labeling laws, and provide recommendations on supporting and cultivating regional specialty coffee in Hawaii.

Testimony in support of this measure was submitted by the Department of Agriculture, Hawaii Farm Bureau Federation, Hawaii Coffee Association, Hawaii Coffee Company, Hawaii Coffee Association, and Kona Coffee Council. Testimony in opposition to this measure was submitted by the Hawaii County Council, Red Hill Farm, Luther Coffee Farm, Green Gecko Coffee, Aina Na Hoku Kai Farm, Kona Coffee Farmers Association, and seven individuals. Testimony expressing comments and concerns on this measure was submitted by the Legislative Reference Bureau.

Your Committee finds that there has been increased discussion on changing Hawaii's Kona coffee blend laws, in particular, increasing from ten to seventy-five per cent the required percentage of Kona-grown coffee that entitles a coffee to be called "Kona" coffee.

In addition, your Committee finds the need to strengthen and further examine truth in labeling laws to inform consumers properly about coffee's origin and requiring a certification for Kona coffee to ensure a high quality of Kona coffee and to protect and support this important segment of our agricultural industry.

As Hawaii is the only coffee growing region in the United States, recent years have also seen an increase in other Hawaii regional coffees, such as Hamakua, Moloka'i, and Ka'u, and more information is needed to support and promote the coffee industry moving forward.

Your Committee has amended this measure by requiring that the Department of Agriculture conduct the required study and appropriating funds to the Department of Agriculture for that purpose.

Your Committee recommends that future committees hearing this measure consider appropriating the amount of \$150,000 to \$200,000 for the purpose of this measure, provided that this recommended amount should be lower if the Department of Agriculture is able to enlist the assistance of the Department of Business, Economic Development, and Tourism for the financial impact analysis required for the report.

As affirmed by the record of votes of the members of your Committee on Agriculture and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2905, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2905, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Ayes with Reservations, 1 (Gabbard). Noes, 2 (Hee, Slom). Excused, 1 (English).

SCRep. 2316 (Joint) Agriculture and Hawaiian Affairs and Education on S.B. No. 2469

The purpose of this measure is to establish a master of arts program in cultural resource management at the University of Hawaii, Hilo in concert with related courses or programs at the University of Hawaii at Manoa and Hawaii community colleges.

Testimony in support of this measure was submitted by the Society for Hawaiian Archaeology and five individuals. The University of Hawaii submitted testimony in support of the intent of this measure.

Your Committees find that federal and state agencies and private companies face a constant need for professionals trained in cultural resource management in the disciplines of archaeology and anthropology. Trained professionals in these fields are necessary to ensure rigorous, timely, and professionally reviewed compliance submissions for federal and state legislation, such as the National Native American Graves Protection Act of 1990 and chapter 6E, Hawaii Revised Statutes, establishing burial councils, as well as all aspects of the State Historic Preservation Division of the Department of Land and Natural Resources and related federal and state laws and agencies.

In Hawaii, the potential and demonstrated adverse effects to cultural resources are evident in many current project initiatives that could have a potentially adverse impact on cultural and environmental resources, economic stability, and community well-being. These initiatives, if not handled with the support of trained professionals and consultation with appropriate community cultural leaders, have the potential to cause heightened levels of concern, mistrust, expensive and time-consuming litigation, and an overall sense of loss.

The State of Hawaii has limited opportunity to train cultural resource management professionals at the graduate level to work with community leaders to assist federal, state, county, or private entities in cooperating with the local community in the cultural resource management process so vital to preserving cultural integrity. Establishing localized training in cultural resource management is essential to training a cadre of effective and qualified professionals who would form meaningful partnerships with educational institutions and indigenous cultures in the preservation of the nation's cultural heritage. Hawaii has made clear its commitment to such preservation, and it is essential to restore leadership to Hawaii's academic, cultural, and conservation resources.

Your Committees further find that the lack of trained professionals is demonstrated in the critical understaffing of the State of Hawaii Historic Preservation Office of the Department of Land and Natural Resources, as well as critical backlogs of more than two hundred fifty reports and reviews required to advance State and federal capital improvement projects at many levels. There are also critical shortages of trained staff for the twenty-four permitted cultural resource management firms working in the State, which require that principal investigators possess a graduate degree from an accredited institution in archaeology, anthropology or an equivalent field. Other planning, architectural, engineering, and communications firms report a critical need for trained and knowledgeable professionals to assist in this important work. There are further shortages in United States-affiliated Pacific islands, the territories of Guam and American Samoa, the Commonwealth of the Northern Mariana Islands and the Freely Associated States. The Polynesian nations that share Hawaii's cultural heritage also are woefully short of qualified cultural resource management programs.

Your Committees also find that there is no better place to grow Hawaii's own talent than the University of Hawaii at Hilo's "living laboratories" in anthropology, geology, archaeology, astronomy, natural and environmental science, biology, and the first national doctoral program in a native language through Ka Haka Ula o Ke'elikolani, the college of Hawaiian language. There are numerous locations and partnerships that can be developed to support the concept of the "living laboratory", such as that as practiced by the Army Environmental Center at Pohakuloa, which is staffed by more than thirty-five professional experts in archaeology, anthropology, biology, out planting, endangered species management, conservation, ungulate and invasive species management practices, and other real-world conservation skills practiced on adjacent lands managed by the Department of Land and Natural Resources at Mauna Kea State Park, and the Office of Hawaiian Affairs at the historic Humuula Sheep Station and historic paniolo Keanakolu Trail and Mana Road.

Your Committees have amended this measure by 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 Agriculture 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. 2469, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2469, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 8. Noes, none. Excused, 2 (Taniguchi, Slom).

SCRep. 2317 Agriculture and Hawaiian Affairs on S.B. No. 2516

The purpose of this measure is to appropriate funds to the Department of Agriculture for the planning and design of a reservoir in Upcountry Maui to serve both agricultural and residential water needs.

Testimony in support of this measure was submitted by the Department of Agriculture, Office of Hawaiian Affairs, County of Maui, Hawaii Farm Bureau Federation, and Maui County Farm Bureau.

Your Committee has amended this measure by:

- (1) Changing the appropriating agency to the County of Maui;
- (2) Requiring that a memorandum of agreement be entered into between the County of Maui and Department of Agriculture requiring that the reservoir shall be for agricultural uses as well as residential uses, and
- (3) Requiring that prior to the commencement of water service from the reservoir, that the County of Maui consult with the Department of the Agriculture to determine the proportion of water that will be provided for agricultural purposes.

As affirmed by the record of votes of the members of your Committee on Agriculture and Hawaiian Affairs 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 referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (English).

SCRep. 2318 Commerce, Consumer Protection and Affordable Housing on S.B. No. 2832

The purpose of this measure is to support and further the efforts in achieving a sustainable future for Hawaii by developing and establishing sustainable communities in the State.

The measure proposes to establish a new chapter within Title 13, Hawaii Revised Statutes, the purpose of which is to maintain and preserve a healthy quality of life and environment for Hawaii's future generations. The measure requires the State, in a combined effort with all state departments and agencies to develop and maintain sustainable communities that will:

- (1) Generate at least fifty per cent of all of the energy requirements for the entire community under development, including but not limited to, residential homes and areas and services for and used by the entire community under development, primarily from alternative energy sources;
- (2) Implement a comprehensive recycling program that will enable the community to divert at least seventy-five per cent of its solid waste from the landfills;
- (3) Implement an extensive community wastewater recycling and treatment management system that would enable the community under development to treat and recycle all of its wastewater for landscaping water requirements onsite of the community and any agricultural water irrigation requirements offsite of the community;
- (4) Implement an extensive water conservation management plan that would enable the community under development to conserve water by using various methods, including but not limited to rain water harvesting to use for landscaping, non-potable uses, and low flow toilets and showers;
- (5) Protect and preserve open space by designating at least fifty per cent of the entire tract of land for the residential community for open space; provided that:
 - (A) Open space shall not include areas designated for golf courses; and
 - (B) Open space shall include the shoreline, if the planned community abuts and includes shoreline space;
- (6) Promote and encourage visitation to any nearby cultural or historical sites, public beaches, shores, trails, and other outdoor recreational areas by not restricting public access to these areas; and
- (7) Provide affordable housing units by designating and reserving at least thirty per cent of all of its residential units within the planned community for affordable housing units for residents to enable them to stay in Hawaii and provide shelter for their families.

Testimony in support of this measure was submitted by one individual. Testimony in opposition to this measure was submitted by the Department of Business, Economic Development, and Tourism, The Chamber of Commerce of Hawaii, the Building Industry Association – Hawaii, and the Land Use Research Foundation of Hawaii. The Department of Land and Natural Resources submitted comments.

Hawaii is a unique and beautiful State that is largely dependent on the importation of fuel, food, and supplies to sustain its economy and communities. In 2005, the Legislature enacted Act 8, Special Session Laws of Hawaii 2005, to establish the Hawaii 2050 Sustainability Task Force. The interest in the concept of sustainability has grown through the efforts of the Task Force; state and county departments and agencies; branches of the United States military; local businesses and community groups; and community engagement programs and projects. Private industries and developers have introduced technology and concepts that can assist communities in their efforts to become more sustainable and independent with minimal detrimental effects to the environment and the economy.

Of particular note, the soldier and family housing developments at Schofield Barracks in Wahiawa have merged the concept of sustainability with community development. The residential developments that are currently being constructed are able to generate thirty per cent of their energy operation requirements, and their construction plans have incorporated Leadership in Energy and Environment Design (LEED) principles. Furthermore, the wastewater treatment system of the residential developments is designed to R1 control zone standards, and ninety-seven per cent of the materials from the demolition of the previous residential homes have been recycled.

Your Committee finds that sustainability has transformed from the conceptual stage to an actual lifestyle that can be achieved, but only through a comprehensive joint effort with the government and the community. Establishing and supporting the development of sustainable communities in the State fulfills the intent of this measure, which is to support and further the efforts in achieving a sustainable future for Hawaii.

Your Committee has amended this measure by inserting an effective date of July 1, 2050 to encourage and ensure continued discussion on this matter by the Committee on Ways and Means.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing 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 Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 3 (Ihara, Sakamoto, Taniguchi).

SCRep. 2319 (Joint) Commerce, Consumer Protection and Affordable Housing and Tourism and Government Operations on S.B. No. 2026

The purpose of this measure is to address an omission in time share laws by allowing the sale of an additional interest in a time share plan to an existing customer in Hawaii when the time share plan is not registered in Hawaii.

Specifically, this measure provides the following:

- (1) Allows, under certain conditions, the offer or sale of an additional interest in a time share plan in the State to an existing purchaser in the same time share plan; and
- (2) Allows, under certain conditions, a developer to offer or sell a time share interest located outside of the State to an individual who currently owns a time share interest that was not purchased from that developer, or from an affiliated entity of that developer.

Testimony in support of this measure was submitted by Wyndham Worldwide, Group RCI, the American Resort Development Association, and Marriott International, Inc. The Department of Commerce and Consumer Affairs submitted comments.

Hawaii's time share industry currently accounts for over eight per cent of the lodging inventory in the State and plays an integral role in Hawaii's tourism offerings. Existing law does not allow the sale of an additional interest in a time share plan to an existing customer in Hawaii when the time share plan is not registered in Hawaii. Your Committees find that allowing an entity in Hawaii to sell additional interests to their existing owners, without having to satisfy all of the state registration requirements while ensuring certain consumer protection safeguards are met, will enable the time share industry in Hawaii to further expand and provide greater tourism offerings in the State.

Testimony indicated the concerns the Department of Commerce and Consumer Affairs has with this measure, but your Committees recognize the collaborative efforts of the time share industry and the Department to address a number of concerns upon the request of your Committees.

Accordingly, your Committees have amended this measure by:

- (1) Adding language that increase and clarify the requirements and conditions of the time share law exemption to ensure that adequate and appropriate consumer protection safeguards are provided;
- (2) Inserting an effective date of July 1, 2050 to ensure further discussion on this issue; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committees believe that this measure, as amended, fulfills the intent of this measure, which is to address an omission in time share laws.

As affirmed by the records of votes of the members of your Committees on Commerce, Consumer Protection, and Affordable Housing and Tourism and Government Operations that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2026, as amended herein, and recommend 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 Chairs on behalf of the Committees. Ayes, 6. Noes, none. Excused, 4 (Ihara, Kim, Sakamoto, Taniguchi).

SCRep. 2320 Education on S.B. No. 2820

The purpose of this measure is to authorize the issuance of general obligation bonds to fund Department of Education and University of Hawaii repair and maintenance projects.

Testimony in support of the measure was submitted by the Department of Education, the University of Hawaii, and Kanu o ka 'Aina Learning 'Ohana.

Your Committee finds that a significant backlog of repair and maintenance projects exists in our public schools, including the University of Hawaii system. The Department of Education estimates a current backlog of \$420,000,000, and the University of Hawaii system estimates a current backlog of \$257,000,000. Your Committee further finds that in 2001, the Legislature appropriated funds to the Department of Education to reduce the existing repair and maintenance backlog, which at the time was estimated at \$640,000,000. In 2007, the backlog for the Department of Education was estimated to be \$341,000,000. However, the Governor failed to release the funds and, as a result, the backlog has since compounded. Your Committee believes that additional funding is necessary to help to alleviate the current backlog of repair and maintenance projects within the Department of Education and the University of Hawaii system to attempt to lower them to manageable levels.

Based on testimony from the University of Hawaii and other updated information, your Committee believes that the measure should be amended to reflect accurate monetary amounts regarding the current backlog and financial needs of the Department of Education and the University of Hawaii system.

Accordingly, your Committee has amended this measure by:

- (1) Providing clarification on the total amounts of current and anticipated repair and maintenance backlogs for the Department of Education and the University of Hawaii and information on the necessary steps for reducing the backlog levels over the next four to six years;
- (2) Changing the amount of the general obligation bonds authorized to be issued for Department of Education and University of Hawaii repair and maintenance projects to total \$230,000,000 and \$60,000,000, respectively; and
- (3) 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 S.B. No. 2820, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2820, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, 2 (Hee, Taniguchi).

SCRep. 2321 Education on S.B. No. 2690

The purpose of this measure is to provide funding for grants by the Department of Education for the establishment of schools within schools, academies, or smaller learning communities on certain high school campuses.

Testimony in support of the measure was submitted by Department of Education, the Hawai'i Educational Policy Center, and the League of Women Voters of Hawaii.

Your Committee finds that Hawaii's high schools are overcrowded. The Department of Education must explore innovative solutions to ensuring appropriate facilities, school environments, and proper education for our public school students. Your Committee further finds that smaller schools provide great benefits to teachers, students, and parents, including allowing teachers to establish more personalized relationships with students, which in turn fosters increased academic success. The establishment of smaller schools, including schools within schools, academies, and smaller learning communities, as alternatives to current larger school environments, is a positive policy that can allow existing schools and school facilities to be utilized more effectively and efficiently.

This measure provides funding for grants for the establishment of smaller schools within public high schools in the State. Your Committee determines that this funding is appropriate and the inclusion of specific criteria for the establishment of such smaller schools should provide guidelines to help to assure that the smaller learning communities will provide a successful approach to high student achievement.

Accordingly, your Committee has amended this measure by:

- (1) Changing the requirement that all smaller schools awarded grants satisfy the specified criteria to requiring that priority for grants be provided to those smaller schools that demonstrate the specified criteria; and
- (2) Changing the specified criteria by:
 - (A) Reflecting that teachers in smaller schools have the ability to choose their smaller schools;
 - (B) Specifying that smaller schools should provide each student with an advisor who shall meet regularly with the student in a group that includes the advisor and other advisors; and
 - (C) Specifying that smaller schools should provide weekly school wide governance and other meetings at which deliberate efforts at community building are made.

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. 2690, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2690, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, 2 (Hee, Slom).

SCRep. 2322 (Joint) Education and Energy and Environment on S.B. No. 2166

The purpose of this measure is to appropriate funds for grants for public schools that use alternative energy utilities on their campuses.

Testimony in support of the measure was submitted by the Hawaii State Teachers Association and two students. Testimony in opposition of the measure was submitted by the Department of Education.

Your Committees find that the Legislature is committed to planning for the future to meet the needs of the present without compromising the ability of future generations to meet their own needs. This concept of sustainability has become the focus of various efforts and initiatives, including the Hawaii 2050 Sustainability Task Force and its development of the Hawaii 2050 Sustainability Plan. Your Committees further find that the utilization of alternative energy sources, particularly in our public schools, can be cost-effective and extremely beneficial in reducing the State's reliance on fossil fuels. The State must continue to explore innovative solutions for meeting our energy needs, while also balancing the need to reduce our environmental footprint. This measure recognizes the need to strike a balance of State needs through the appropriation of funds for grants to public schools that use alternative energy utilities on their campuses, such as through the Sun Power for Schools Program currently undertaken by the Hawaiian Electric Company or other similar programs or efforts.

Your Committees are mindful that the State must consider the financial needs of the State across all subject matter, programs, and public needs. Rather than supplant general funds earmarked for other appropriate, necessary purposes, utilization of funding from other sources should instead be considered.

Accordingly, your Committees have amended this measure by:

- (1) Changing the measure to appropriate funds from the Public Utilities Commission Special Fund for the provision of grants to public schools that use alternative energy utilities on their campuses; and
- (2) Specifying that the funds appropriated shall be expended by the Public Utilities Commission, which shall consult with the Department of Education in developing the criteria for and awarding grants under the measure.

As affirmed by the records of votes of the members of your Committees on Education and Energy and Environment that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2166, as amended herein, and recommend 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 Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 9. Noes, none. Excused, 4 (Hee, Ihara, Taniguchi, Slom).

SCRep. 2323 (Joint) Energy and Environment, Transportation and International Affairs and Education on S.B. No. 2625

The purpose of this measure is to appropriate funds for the Hawaii Energy Policy Forum (Policy Forum) to continue its work with the Energy-Efficiency Transportation Strategies Working Group (Working Group) created in response to Act 254, Session Laws of Hawaii 2007.

Specifically, this measure appropriates funds for the Policy Forum at the University of Hawaii at Manoa to conduct a study on energy-efficient transportation strategies in conjunction with the Department of Business, Economic Development, and Tourism, the Department of Transportation, and members of the energy-efficient transportation strategies working group.

Testimony in support of this measure was submitted by the Hawaiian Electric Company, Inc.; Alliance of Automobile Manufacturers; Department of Business, Economic Development, and Tourism; and the Policy Forum.

Your Committees find that the Policy Forum has requested an appropriation in the amount of \$175,000. The Policy Forum has offered testimony that this appropriation amount would allow them to:

- (1) Determine data available among government and business sources;
- (2) Identify gaps in critical data; and
- (3) Develop and test models leading to the establishment of a reasonable and workable plan for a statewide transportation energy information and monitoring system.

The Policy Forum has also suggested to your Committees that the measure should be amended to:

- (1) Allow the Working Group the flexibility to add additional members to accommodate its evolving work; and
- (2) Enable the Working Group to produce a more fully developed report by extending the reporting period from 2009 to 2010 with an interim progress report in 2009.

Accordingly, your Committees have amended this measure by:

- (1) Omitting the list of required representatives of the Working Group in section 2 of this measure, and replacing it with a requirement to include applicable corporate, private, and government representatives;
- (2) Requiring the submission of an interim report in 2009 and the final report to the Legislature in 2010; and
- (3) Omitting the appropriation amount, allowing an appropriate amount to be determined at a later date.

As affirmed by the records of votes of the members of your Committees on Energy and Environment and Transportation and International Affairs and Education that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2625, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2625, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 11. Noes, none. Excused, 6 (Hee, Ihara, Inouye, Kokubun, Taniguchi, Tsutsui).

SCRep. 2324 (Joint) Agriculture and Hawaiian Affairs and Energy and Environment on S.B. No. 2467

The purpose of this measure is to establish a loan program to financially assist agriculture and aquaculture industries in the development of sustainable and renewable energy for their production site use.

Testimony in support of this measure was submitted by the Hawaii Farm Bureau Federation; Hawaii Aquaculture Association; Hawaiian Electric Company, Inc.; and Hamakua Springs Country Farms. The Department of Agriculture submitted testimony in support of the intent of the measure with recommendations for amendments.

Your Committees find that agriculture and aquaculture are essential industries for the State and that their long term sustainability is vital for the security and well being of the State. The development of renewable and sustainable energy is essential to the sustainability of the agriculture and aquaculture industries.

Agriculture and aquaculture production areas may have natural resources that are available for the production of on-site energy production for use on the production facility. However, conventional financing at reasonable rates and terms may not be available for these types of projects.

The Legislature finds that the State should initiate a loan program to assist the agriculture and aquaculture industries in developing sustainable and renewable energy projects for use on their production sites.

Accordingly, your Committees have amended this measure by creating new classes of loans for farm and aquaculture sustainable projects to include such things as food safety and traceability issues.

Your Committees further note that while the Department of Agriculture believes that there are sufficient funds in the current loan programs to support the new classes of loans, that if it is determined that this is not the case, then the Department of Agriculture should report back to the Legislature and request that additional funds be appropriated for purposes of this measure.

As affirmed by the records of votes of the members of your Committees on Agriculture and Hawaiian Affairs and Energy and Environment that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2467, as amended herein, and recommend 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 Chairs on behalf of the Committees. Ayes, 10. Noes, none. Excused, none.

SCRep. 2325 Economic Development and Taxation on S.B. No. 2158

The purpose of this measure is to appropriate \$542,910 in fiscal year 2008-2009 to support the statewide economic development program of the Hawaii Small Business Development Center Network hosted by the University of Hawai'i at Hilo.

Testimony in support of this measure was received from the Department of Business, Economic Development, and Tourism and The Chamber of Commerce of Hawaii.

Your Committee finds that small businesses represent a very important part of our island economy, and studies indicate that small businesses, particularly those with four or fewer employees, are the primary creators of new jobs in an economy. Established in 1990, the Hawaii Small Business Development Center Network is the only statewide small business technical assistance provider. With five service centers on four major islands, the centers help Hawaii's small business ventures succeed and expand through quality consulting, business training and advocacy efforts. Your Committees are supportive of these efforts and the Network's contribution to the success of Hawaii's small business community.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2158 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (English).

SCRep. 2326 (Joint) Transportation and International Affairs and Water and Land on S.B. No. 3227

The purpose of this measure is to:

- (1) Expand the authority of the Aloha Tower Development Corporation to assist in the development of the statewide harbors modernization plan, and authorize the Department of Transportation to issue revenue bonds to finance harbor improvements; and
- (2) Transfer the previously operational pier portion of Hana ramp and wharf to the Department of Transportation.

Testimony in support of this measure was received from the Department of Transportation (DOT), Aloha Tower Development Corporation (ATDC), Department of Land and Natural Resources (DLNR), Hawaii Harbor Users Group, The Chamber of Commerce of Hawaii, Hawaii Farm Bureau, Maui County Farm Bureau, and Retail Merchants of Hawaii. The Surfrider Foundation, Maui Chapter submitted testimony in opposition.

In addition, your Committees received a response from the Department of the Attorney General (AG) to questions regarding the transfer of the pier portion of Hana Harbor and the use of revenue bonds for Hana Harbor improvements. In this response, the AG recommended that the provisions related to the transfer be clarified to permit the transfer from the DLNR to the DOT of Hana Harbor, excluding the small boat ramp facility. Your Committees have made this amendment as discussed in (1) below. The AG further notes that with these revisions and the passage of this Act the transfer of jurisdiction of the Hana Harbor, excluding the small boat ramp facility, from the DLNR to the DOT will allow the DOT to use harbor revenue bonds for capital improvement projects at the DOT controlled portion of the harbor.

Your Committees find that this measure expands on the partnership between ATDC and DOT authorized by Act 127, Session Laws of Hawaii 2007, to provide expedited implementation of approximately \$842,000,000 of critically needed DOT commercial harbor improvements within a six-year period.

While your Committees are supportive of the intent of this measure, concerns have been raised that must be addressed.

Senate Concurrent Resolution No. 54 (2008), requests the Auditor to conduct an audit of the Aloha Tower Development Corporation, including, but not be limited to, a study of three litigated cases against the Aloha Tower Development Corporation, and whether chapter 206J, Hawaii Revised Statutes, relating to the Aloha Tower Development Corporation, should be repealed or amended. This Concurrent Resolution was only recently introduced, and members require time to review it and its implications.

Your Committees must also consider the “home rule” questions that this measure raises, given that thirteen of the fifteen site specific harbor improvements are on neighbor islands.

Your Committees believe it is important to keep both this measure and legislative discussions moving forward. To this end, your Committees have amended this measure to incorporate the recommendations of the AG and to allow for continuing review of the issues by the Legislature, by:

- (1) Correcting ambiguities in the language related to the transfer of portions of Hana Harbor, to state that the DOT shall have jurisdiction and administrative authority over Hana Harbor, excluding its small boat ramp facility, which shall remain under the jurisdiction and administrative authority of DLNR;
- (2) Adding new sections related to the transfer of jurisdiction, functions, powers, duties, and authority between DLNR and DOT; executive orders, revocable permits, easements, and rights of entry; conformity of Acts; and liberal construction;
- (3) Changing the effective date from upon approval to July 1, 2030, for purposes of further discussion; and
- (4) Making a technical amendment to correct a typographical error.

As affirmed by the records of votes of the members of your Committees on Transportation and International Affairs and Water and Land 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 Chairs on behalf of the Committees. Ayes, 12. Ayes with Reservations, 3 (Hooser, Tokuda, Tsutsui). Noes, none. Excused, none.

SCRep. 2327 (Joint) Water and Land and Transportation and International Affairs on S.B. No. 2739

The purpose of this measure is to:

- (1) Establish that the Makena-Keone‘o‘io Government Road is under the jurisdiction of the Department of Land and Natural Resources; and
- (2) Prohibit public access to the Makena-Keone‘o‘io Government Road where it traverses the ‘Ahihi-Kina‘u Natural Area Reserve; except for legal residents of the area, state and county officials and employees requiring access for maintenance of the road and the natural area reserve, and persons permitted into the natural area reserve pursuant to administrative rules.

Testimony expressing concerns on this measure was received from the Department of Land and Natural Resources (Department), the Office of Hawaiian Affairs, and two fishermen.

Your Committees find that the intent of this measure – to protect the ‘Ahihi-Kina‘u Natural Area Reserve – has strong support, but the proposed means to do so has generated a number of critical concerns. The Department has raised legitimate questions regarding public access issues and the costs associated with maintaining a public paved road reaching from “Polo Beach” near the Maui Prince Hotel to La Perouse Bay. The Office of Hawaiian Affairs has expressed its appreciation for the intent to protect a vast fragile natural and cultural site, but questioned the measure’s omission of protection for Native Hawaiian traditional and customary practices. Residents who fish the area testified to the popularity of La Perouse Bay as the last accessible fishing area on the south shore of Maui, and opposed their loss of access under this measure.

Your Committees agree that these issues must be addressed and encourage further discussion among the parties. To begin those discussions, your Committees have amended this measure by:

- (1) Deleting the specific public access prohibition and exemptions and instead requiring the Department to adopt rules pursuant to chapter 91 and section 195-5, Hawaii Revised Statutes, regarding entry into the ‘Ahihi-Kina‘u natural area reserve through the Makena-Keone‘o‘io Government Road;
- (2) Amending the purpose section to reflect these changes;
- (3) Adding an appropriation for an unspecified amount to be expended by the Department for repair and maintenance of the Makena-Keone‘o‘io Government Road; and
- (4) Providing that the foregoing appropriation section shall take effect on July 1, 2008.

As affirmed by the records of votes of the members of your Committees on Water and Land and Transportation and International Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2739, as amended herein, and recommend 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 Chairs on behalf of the Committees. Ayes, 8. Noes, none. Excused, 4 (Fukunaga, Hooser, Tsutsui, Whalen).

SCRep. 2328 (Joint) Health and Human Services and Public Housing on S.B. No. 2858

The purpose of this measure is to ensure that the community health center system remains financially viable and stable in the face of the increasing needs of the population of uninsured and underinsured residents.

Specifically, this measure establishes a process that enables community health centers and rural health clinics to receive supplemental Medicaid payments and seek modifications to their scope of services.

Your Committees received testimony in support of this measure from the Hawai‘i Primary Care Association; Ho‘ola Lahui Hawai‘i; the Community Clinic of Maui; Hamakua Health Center, Inc.; the Bay Clinic, Inc.; West Hawaii Community Health Center, Inc.; Moloka‘i Community Health Center; Kookaa Kalihi Valley; Waianae Coast Comprehensive Health Center; Waikiki Health Center;

Kalihi-Palama Health Center; the Waimanalo Health Center; and seven individuals. The Department of Health and the Department of Human Services submitted testimony with comments on this measure.

Your Committees find that federally qualified health centers and rural health clinics are essential components of Hawaii's health care system. Two of the most important sources of operating revenues for these community health centers are the Med-QUEST program and subsidies for care for the uninsured. These revenue sources continue to provide inadequate funding and reimbursements that are more than a year overdue, causing the much needed community health centers to be financially unstable and putting the public's health at risk.

Your Committees amended this measure by:

- (1) Deleting its contents and inserting language that will make the State federally compliant with all established deadlines;
- (2) Inserting language that simplifies the process by which federally qualified health centers and rural health clinics receive supplemental Medicaid payments and authorizes the prospective payment system rates to be adjusted for changes in the scope of services furnished by participating federally qualified health centers and rural health clinics; and
- (3) Making technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Health and Human Services and Public Housing that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2858, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2858, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 8. Noes, none. Excused, 2 (Hooser, Hemmings).

SCRep. 2329 (Joint) Health and Human Services and Public Housing on S.B. No. 2542

The purpose of this measure is to ensure that the community health center system remains financially viable and stable in the face of the increasing needs of the population of uninsured and underinsured residents.

Specifically, this measure establishes a process that enables community health centers and rural health clinics to receive supplemental Medicaid payments and seek modifications to their scope of services. In addition, this measure appropriates funds to adequately pay federally qualified community health centers for services for the uninsured.

Your Committees received testimony in support of this measure from the Hamakua Health Center, Inc., West Hawaii Community Health Center, Inc., Waikiki Health Center, Kalihi-Palama Health Center, and the Waimanalo Health Center. The Department of Health, the Department of Human Services, Hawaii Primary Care Association, and Waianae Coast Comprehensive Health Center submitted testimony in support with comments.

Your Committees find that federally qualified health centers and rural health clinics are essential components of Hawaii's health care system. Two of the most important sources of operating revenues for these community health centers are the Med-QUEST program and subsidies for care for the uninsured. These revenue sources continue to provide inadequate funding and reimbursements that are more than a year overdue, causing the much needed community health centers to be financially unstable and putting the public's health at risk.

Your Committees amended this measure by:

- (1) Deleting its contents and inserting language that will make the State federally compliant with all established deadlines;
- (2) Inserting language that simplifies the process by which federally qualified health centers and rural health clinics receive supplemental Medicaid payments and authorizes the prospective payment system rates to be adjusted for changes in the scope of services furnished by participating federally qualified health centers and rural health clinics;
- (3) Deleting the appropriation for the implementation of the prospective payment system, based on the Department of Human Services indication that there are no fiscal implications for prospective payment services changes for fiscal year 2009; and
- (4) Making technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Health and Human Services and Public Housing that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2542, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2542, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 8. Noes, none. Excused, 2 (Hooser, Ihara).

SCRep. 2330 Health on S.B. No. 3080

The purpose of this measure is to provide for public health and safety by enabling the Hawaii Health Systems Corporation (HHSC) to perform criminal history record checks on all existing employees, prospective contractors, volunteers, and vendors via the Hawaii Criminal Justice Data Center's Federal Bureau of Investigations (FBI) checks.

Your Committee received testimony in support of this measure from the Hawaii Health Systems Corporation and the Hawaii Government Employees Association.

Your Committee finds that, due to a shortage of health care workers, HHSC has recruited heavily from out-of-state. Your Committee further finds that in-state checks have been conducted since the creation of HHSC. This measure will enable in-state and out-of-state criminal checks to be done in an efficient and effective manner by allowing access to the FBI databank where criminal history records for all states can be retrieved.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3080 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Menor).

SCRep. 2331 Health on S.B. No. 2396

The purpose of this measure is to protect the health and safety of mental health professionals employed by the Hawaii State Hospital.

Specifically, this measure makes an assault on an employee at a state-operated or –contracted mental health facility a Class C felony.

Your Committee received testimony in support of this measure from the Department of Health and the Hawaii Government Employees Association.

Your Committee finds that mental health professionals need to be protected from criminal behavior that, at times, occurs during the course of performing their job duties. This measure imposes the same penalty on a defendant that knowingly assaults a staff member at the Hawaii State Hospital as is currently in place for assaults that occur in a school or correctional facility.

Your Committee further finds that violence against nurses, doctors, and other health care professionals at mental health facilities is a problem that needs an immediate solution. This measure is only a step towards a solution implementing effective and protective change.

Your Committee has amended this measure by correcting a reference to the statute being amended and making other technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Health 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 Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Menor).

SCRep. 2332 Health on S.B. No. 3069

The purpose of this measure is to improve the provision of mental health services for defendants committed to a state mental health facility.

Specifically, this measure requires the courts to provide the Director of Health with the records of defendants either committed to a hospital controlled by or to the custody of the Director of Health.

Your Committee received testimony in support of this measure from the Department of Health and the Hawaii Government Employees Association.

Your Committee finds that this measure will centralize and streamline the Department of Health's efforts to collect background information on defendants who are committed to the state hospital for a forensic examination or to the Department's custody when found unfit to stand trial or acquitted.

Your Committee has amended this measure by making technical, nonsubstantive changes for the purposes of clarity, consistency, style, and to accurately reflect existing statutory language.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3069, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3069, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Menor).

SCRep. 2333 Health on S.B. No. 2159

The purpose of this measure is to ensure the continued provision of mental health services by licensed mental health counselors by repealing section 26H-4, Hawaii Revised Statutes, which repeals the mental health counselor regulatory program as of December 31, 2008.

Your Committee received testimony in support of this measure from Kaiser Permanente, the Alliance for Professional Counselor Licensure, Sestak Rehabilitation Services, Hawaii Rehabilitation Counseling Association, Ka Maui Ola, and eight individuals. The Department of Commerce and Consumer Affairs provided comments on this measure.

Your Committee finds that state licensure for mental health counselors assures professionalism and protection of consumer health. Masters level mental health clinicians bring valuable skills to the community. The title and practice of these clinicians should be protected and made permanent.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2159 and recommends that it pass Second Reading and be referred to the Committee on Commerce, Consumer Protection, and Affordable Housing.

Signed by the Chair on behalf of the Committee. Ayes, 4. Ayes with Reservations, 1 (Whalen). Noes, none. Excused, 1 (Menor).

SCRep. 2334 Health on S.B. No. 3071

The purpose of this measure is to enable the Director of Health to petition the court in appropriate cases, on behalf of any individual served by the Department, for legal discharge from conditional release.

Your Committee received testimony in support of this measure from the Director of Health and the Hawaii Government Employees Association.

Your Committee finds that there is no limit in Hawaii for how long an individual may be on conditional release. Individuals, many of whom are no longer appropriate for conditional release, could potentially be on conditional release for the rest of their lives.

Your Committee further finds that enabling the Director of Health to petition the courts for discharges, where appropriate, will help to ease the overcrowding problem at the Hawaii State Hospital and protect the health and safety of the patients and staff at the hospital.

Your Committee has amended this measure by making technical, nonsubstantive changes for the purposes of clarity, consistency, style, and to accurately reflect existing statutory language.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3071, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3071, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Menor).

SCRep. 2335 Health on S.B. No. 2099

The purpose of this measure is to help save lives and increase the number of organ donations by improving the system currently in place for anatomical gift donations.

Specifically, this measure revises and updates the original Uniform Anatomical Gift Act. Further, this measure is limited in scope to donations from deceased donors as a result of gifts made before or after death and enables anatomical gifts to be donated in the absence of a document of gift as currently required.

Your Committee received testimony in support of this measure from the Organ Donor Center of Hawaii; the Hawaii Coalition on Donation; Case Management Professionals, Inc.; and the Commission to Promote Uniform Legislation.

Your Committee finds that this measure provides the necessary statutory uniformity that will enable the system currently in place for anatomical gift donations to be much more efficient. It will help to increase the number of available organs and tissues for transplantation that will save the lives of patients in need of organ transplants.

Your Committee has amended this measure by:

- (1) Deleting language requiring the medical examiner or coroner or designee to "make every effort" and replacing it with language requiring a "reasonable effort" to conduct a post-mortem examination of the body or the part, or to attend the removal procedure for the part before making a final determination;
- (2) Amending section 327-T in section 1 to address conflict resolution where a prospective donor's declaration or advanced health care directive is in conflict with the express or implied terms of a potential anatomical gift regarding the medical suitability of the part; and
- (3) Making technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Health 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 and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, none.

SCRep. 2336 Health on S.B. No. 2363

The purpose of this measure is to promote the health and safety of developmentally disabled individuals by protecting them from sexual predation.

Specifically, this measure holds perpetrators strictly liable for sexual assault against persons who are mentally defective.

Your Committee received testimony in support of the intent of this measure from the Department of the Prosecuting Attorney, the City and County of Honolulu Police Department, and one individual.

Your Committee finds that the developmentally disabled are a vulnerable population in our communities that need to be adequately protected in a manner similar to that given to minors in the State's Penal Code. Your Committee further finds that Hawaii's Penal Code currently makes sexual penetration or contact with minors under a certain age a "strict liability" offense, one in which proof of specific criminal intent is not required.

Your Committee has amended this measure by:

- (1) Adopting the recommendations of the Department of the Prosecuting Attorney and inserting language that clarifies the intended strict liability for sexual assault against persons who are mentally defective; and
- (2) Making technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Health 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 Second Reading in the form attached hereto as S.B. No. 2363, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Menor).

SCRep. 2337 (Joint) Health and Judiciary and Labor on S.B. No. 2535

The purpose of this measure is to establish additional funding mechanisms to enhance the availability of revenues in the Trauma System Special Fund to ensure the availability of care for trauma patients in the State.

Specifically, this measure expands the resources available for trauma care by:

- (1) Establishing surcharges for traffic violations, use of intoxicants while operating a vehicle, crimes of violence, and drug related offenses;
- (2) Establishes surcharges for accidents involving death or serious bodily injury, accidents involving bodily injury and substantial bodily injury, and statewide traffic code penalties;
- (3) Clarifies that moneys in the Trauma System Special Fund include, among other things, trauma system surcharges and cigarette tax revenues;
- (4) Provides guidelines for the methodology used in calculating costs incurred by hospitals providing care to trauma patients; and
- (5) Appropriates an unspecified amount for fiscal year 2008-2009, for deposit into the Trauma System Special Fund.

Your Committees received testimony in support of this measure from the Healthcare Association of Hawaii, The Queen's Medical Center, and Hawaii Pacific Health.

Your Committees find that additional resources are needed immediately to ensure the health, welfare, and safety of the citizens of our State. The Trauma System Special Fund was designed to subsidize trauma care. However, due to the extremely high costs of trauma care, revenues need to be increased to ensure the financial viability of hospitals that provide it.

Your Committees have amended this measure by making technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Health and Judiciary and Labor that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2535, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2535, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 8. Ayes with Reservations, 1 (Whalen). Noes, none. Excused, 3 (Hee, Kokubun, Menor).

SCRep. 2338 Intergovernmental and Military Affairs on S.B. No. 2170

The purpose of this measure is to protect public beach parks from being the subject of liability for dangerous naturally occurring conditions of the land.

Your Committee received testimony in support of this measure from the Honolulu Corporation Counsel, Hawai'i County Council, and Hawaii State Association of Counties. Testimony in opposition was received from the Consumer Lawyers of Hawaii.

Act 82, Session Laws of Hawaii 2003, relating to public land liability, established that a sign of warning of dangerous natural conditions on improved public lands shall be conclusively presumed to be a legally adequate warning of the dangerous natural conditions of which the sign warns, if the State and counties post such warning signs and the design and placement of the warning sign are approved by the Board of Land and Natural Resources. However, Act 82 specifically excluded public beach parks from the purview of protection.

Your Committee finds that dangerous natural conditions exist in public beach parks as well as on inland parks. Some beach parks abut mountain cliffs that pose a potential for falling boulders. The intent of this measure is to extend to public beach parks the same protections with regard to dangerous natural conditions as apply to other improved public lands of the state park system and county park system. Your Committee believes that there is no rational distinction between public beach parks and public parks insofar as responsibility for dangerous natural conditions is concerned.

As affirmed by the record of votes of the members of your Committee on Intergovernmental and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2170 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, none.

SCRep. 2339 Intergovernmental and Military Affairs on H.B. No. 1512

The purpose of this measure is to clarify the open meetings requirements for neighborhood boards.

Your Committee received testimony in support of this measure from the Neighborhood Commission of the City and County of Honolulu; Waipahu Neighborhood Board No. 22; Mililani/Waipio/Melemanu Neighborhood Board No. 25; and two individuals. Comments were received from the Office of Information Practices.

This measure would:

- (1) Allow an entry in the written public notice for public input on issues not specifically noticed for consideration on the agenda, and allow discussion but postponing a decision to a later duly noticed meeting that includes the decision making on the agenda;
- (2) Allow two or more board members, but less than a quorum, to attend informational meetings or presentations on matters relating to official board business, with certain conditions on attendance; and
- (3) Allow for discussion only at a duly noticed meeting on an unanticipated event, if timely action on the matter is necessary for the public health, welfare, and safety, and if the event occurred after the posting of the notice for that meeting, with certain procedural conditions; provided that decision making occurs at a subsequent duly noticed meeting.

Your Committee finds that neighborhood boards, though without authority to pass legislation, nevertheless have significant influence on the legislative process of the counties. The boards are oftentimes the first to consider and discuss the most current critical issues even before a county council might consider it. Because such issues may arise after the posting of a notice of a board meeting, the board members should nonetheless be able to discuss that issue with decision making postponed to a later noticed meeting.

Your Committee further finds that board members should become knowledgeable about issues by attending informational meetings or presentations that are relevant to official board business. These meetings and presentations are held by other entities, including seminars and community meetings when those presentations are not specifically for or directed toward members of the board.

The intent of this measure is to facilitate the edification of neighborhood boards and to promote the timely response of neighborhood boards to current critical issues.

Your Committee has amended this measure by:

- (1) Adding a definition of "neighborhood boards" as referring to similar entities as established in the City and County of Honolulu, based on testimony that no other county has neighborhood boards and the fact that the City and County Charter does not define the term;
- (2) Clarifying that an agenda for a neighborhood board meeting may include an item for "Public Input" to permit the public to submit written information, or to present oral testimony about a matter not included under any other item on the agenda for that meeting, without a quorum present, but with decision making to occur at a subsequent duly noticed board meeting having a quorum;
- (3) Establishing requirements for board meetings to take action on unanticipated events;
- (4) Changing the effective date from January 1, 2112, to January 1, 2009, and adding a sunset date of December 31, 2013; and
- (5) Making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Intergovernmental and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1512, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1512, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, none.

SCRep. 2340 Public Safety on S.B. No. 2082

The purpose of this measure is to appropriate funds to the Department of Public Safety to develop a plan by July 1, 2008, to return all female Hawaii prisoners incarcerated in mainland prisons back to Hawaii by July 1, 2009.

Testimony in support of this measure was received from the Department of Public Safety; the Office of Hawaiian Affairs; Community Alliance on Prisons; TJ Mahoney & Associates, Ka Hale Ho'ala Hou No Na Wahine; Maui Economic Opportunity, Inc., Being Empowered and Safe Together Reintegration Program; Hawaii Youth Services Network; Hawaii Substance Abuse Coalition; Ke Kahua Pa'a; The Drug Policy Forum of Hawaii; Poi Dog Publishers, and three individuals.

Your Committee is in support of this measure, but has heard a number of concerns raised by the Department of Public Safety related to the current and future funding necessary to return the female prisoners to Hawaii, and house, treat, and transition them.

Your Committee finds many of these concerns to be crucial for successful implementation, and has amended this measure by:

- (1) Pointing out in the findings and purpose section that the near-term expiration of the contract that provides for incarceration of female inmates from Hawaii in mainland correctional facilities, provides an opportunity for the Department of Public Safety to review what additional facilities and programs must be in place to adequately house and rehabilitate those prisoners upon their return to Hawaii;
- (2) Requiring that the Department of Public Safety return as many female prisoners as possible to Hawaii by July 1, 2009;
- (3) Changing the fiscal year in the appropriation section from 2007-2008 to 2008-2009; and
- (4) Making a technical, nonsubstantive amendment.

As affirmed by the record of votes of the members of your Committee on Public Safety that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2082, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2082, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, none.

SCRep. 2341 (Joint) Public Safety and Education on S.B. No. 2302

The purpose of this measure is to appropriate funds to the Department of Education for adult education programs for prison inmates to assist with their transition to the community upon release.

Testimony in support of this measure was submitted by the Department of Public Safety, the Community Alliance on Prisons, Maui Economic Opportunity, Inc., and one individual. Testimony in opposition to this measure was submitted by the Department of Education.

Your Committees find that providing adult education classes or programs to inmates on parole or upon release from prison will reduce the rate of recidivism and help them to successfully reintegrate back into the community.

Accordingly, your Committees have amended this measure by:

- (1) Deleting the appropriation to create special schools for the completion of general education development diplomas;
- (2) Deleting the appropriation to create distance learning programs for incarcerated inmates; and
- (3) Making technical nonsubstantive amendments for the purpose of clarity.

As affirmed by the records of votes of the members of your Committees on Public Safety and Education that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2302, as amended herein, and recommend 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 Chairs on behalf of the Committees. Ayes, 7. Noes, none. Excused, 3 (Chun Oakland, Tokuda, Whalen).

SCRep. 2342 Public Safety on S.B. No. 2081

The purpose of this measure is to establish certain procedures that require the Governor to follow before granting a pardon for a crime.

Specifically, the measure requires:

- (1) The governor to refer all pardon applications to:
 - (A) The Hawaii Paroling Authority if the pardon applicant has been incarcerated for the crime for which the pardon is being sought; or
 - (B) The Judiciary if the pardon applicant was placed on probation for the crime for which the pardon is being sought;
- (2) The Paroling Authority and the Judiciary, as the case may be, to furnish all information on the pardon applicant and make a recommendation to the Governor as to granting or refusing the pardon;
- (3) That the Governor receive the information from the Paroling Authority or the Judiciary prior to granting any pardon; and
- (4) That the Governor give thirty days public notice of the pardon and the reasons therefor prior to granting the pardon.

Testimony in support of this measure was submitted by five individual citizens. Testimony in opposition of this measure was submitted by the Office of the Governor, the Department of Public Safety, the Hawaii Paroling Authority, and the Attorney General.

Your Committee finds that requiring the Governor to give a minimum of thirty days public notice prior to issuing any pardon is good public policy. A thirty day notice affords the public the opportunity to share their concerns regarding the safety of the public, as it may pertain to the person being pardoned.

Accordingly, your Committee has amended this measure by removing the repealed language in section 2.

As affirmed by the record of votes of the members of your Committee on Public Safety that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2081, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2081, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 1 (Sakamoto).

SCRep. 2343 Public Safety on S.B. No. 2334

The purpose of this measure is to repeal the exemption from civil service for the positions of First and Second Deputy Sheriff and also to require that the Deputy Director for law enforcement and the Sheriff be graduates of a law enforcement academy.

Testimony in support of this measure was submitted by one individual. Testimony in opposition of this measure was submitted by the Department of Public Safety.

Your Committee finds that the Sheriff Division, within the Department of Public Safety, has an insufficient number of upper management positions within the Division itself. Repealing the exemptions from civil service for the First and Second Deputy Sheriffs will enable the Division to adequately control its law enforcement organization.

Your Committee further finds that requiring the Deputy Director for law enforcement and the Sheriff to be graduates of a law enforcement academy is an appropriate experiential and educational requirement to promote effective law enforcement management.

Accordingly, your Committee has amended this measure by permitting any Deputy Director for law enforcement or Sheriff that assumes that respective position prior to the effective date of this measure to remain at that respective position even if they were not previously a graduate of a law enforcement academy.

As affirmed by the record of votes of the members of your Committee on Public Safety 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 referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 3. Ayes with Reservations, 1 (Whalen). Noes, none. Excused, 1 (Sakamoto).

SCRep. 2344 Public Safety on S.B. No. 2341

The purpose of this measure is to require prisons holding Hawaii prisoners under a contract with the State to make information about the operation of the prison available to the public.

Testimony in support of this measure was received from the Office of Information Practices, Hawaii Government Employees Association, Community Alliance on Prisons, Ke Kahua Pa'a, and two individuals. The Department of the Attorney General and the Department of Public Safety submitted testimony in opposition.

In addition, your Committee requested and received suggested amendments to this measure from the Department of the Attorney General.

Your Committee finds that this measure would provide accountability and transparency to the public regarding the services provided by any vendor for any contract made with the State to house Hawaii prisoners. Your Committee has also heard a number of concerns, including the difficulty of enforcing the provisions and the "chilling effect" it would have on the bidding process.

Your Committee supports the concept of this measure and has amended section 2 to address these concerns, by:

- (1) Clarifying the language in subsection (a) regarding the duty of an out-of-state detention facility to release information;
- (2) Deleting the requirement for state agencies to adopt rules under chapter 91, Hawaii Revised Statutes, to ensure compliance by a nongovernmental entity involved in contracts or agreements with the State; and
- (3) Clarifying that any party aggrieved by a violation of the duty to release information shall have the same remedies against the nongovernmental entity as provided for against government agencies in chapter 92F, Hawaii Revised Statutes, unless the information is entitled to protection under section 92F-13, Hawaii Revised Statutes, or is a trade secret as defined in section 482B-2, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Public Safety that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2341, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2341, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, none.

SCRep. 2345 Public Safety on S.B. No. 2342

The purpose of this measure is to require the state Auditor to conduct performance audits of private prisons on the mainland that have a contract with the State to incarcerate convicted residents of Hawaii.

Testimony in support of this measure was submitted by the Hawaii Government Employees Association, the Community Alliance on Prisons, Ke Kahua Pa'a, the Drug Policy Forum of Hawai'i, and two individual citizens.

Your Committee finds that a performance audit of the Otter Creek Correctional Facility (OCCF) in Wheelwright, Kentucky and the Saguaro Correctional Facility (SGF) in Eloy, Arizona should be conducted by the state Auditor. Those two facilities alone have over two thousand Hawaii residents incarcerated in them and there has never been a performance audit conducted by any state agency to monitor those private contracts and the safety of the Hawaii inmates in those facilities. In this regard, since the Red Rock Correctional Facility has significantly fewer Hawaii inmate transferees than OCCF or SGF, your Committee finds, for cost-benefit reasons, that the performance audits should focus, at this time, on SGF and OCCF. Finally, the need for a performance audit for OCCF will be diminished if the State begins a process of returning all female prisoners, who were previously transferred from Hawaii to OCCF, back to Hawaii in 2009.

Accordingly, your Committee has amended this measure by:

- (1) Deleting the request for a performance audit of the Red Rock Correctional Facility in Eloy, Arizona; and
- (2) Authorizing the withdrawal of the requirement for a performance audit of OCCF in Wheelwright, Kentucky, if the process of bringing back all the Hawaii female prisoners from OCCF back to Hawaii begins in 2009.

As affirmed by the record of votes of the members of your Committee on Public Safety that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2342, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2342, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Ayes with Reservations, 1 (Whalen). Noes, none. Excused, 1 (Sakamoto).

SCRep. 2346 Public Safety on S.B. No. 2343

The purpose of this measure is to require the Department of Public Safety to establish an earned-time program that provides incentives for inmates to enroll in and complete rehabilitation programs while incarcerated so that the inmate may qualify for parole prior to the expiration of the inmate's minimum term of incarceration set by the Hawaii Paroling Authority.

Testimony in support of this measure was submitted by the Community Alliance on Prisons, Hawaii Community College, and three individual citizens. Testimony in opposition of this measure was submitted by the Department of Public Safety, the Hawaii Paroling

Authority, the Department of the Prosecuting Attorney, and the Department of the Attorney General. Comments on this measure were submitted by Maui Economic Opportunity, Inc.

Your Committee finds that earned-time programs do benefit inmates, the prisons, and the community since they require inmates to complete various rehabilitation programs that give them the opportunity to improve upon their education, vocational training, or physical and emotional behaviors. Completion of earned-time programs enables the inmates to be better equipped to reintegrate themselves back into the community upon their release from prison. The earned-time programs also benefit the prisons by reducing the inmate population at the respective prison, thus helping to reduce any existing, or potential, inmate overcrowding issues.

However, your Committee finds that there must be a balance between providing earned-time programs to inmates and having the inmates satisfy their restitution requirements to the victims of their crimes. Thus, any earned-time program that is recommended by the Department of Public Safety needs to address the issue of exactly how much earned-time the inmates will receive upon the completion of each program that can be used toward reducing the time it takes to be eligible for parole.

Accordingly, your Committee has amended this measure by:

- (1) Deleting its contents and requiring, instead, that the Department of Public Safety:
 - (A) Consider and examine earned-time programs for Hawaii inmates incarcerated in Hawaii and on the mainland; and
 - (B) Develop an earned-time program for the foregoing inmates;
- (2) Amending its effective date to be upon approval; and
- (3) Making technical, nonsubstantive amendments for the purpose of clarity.

As affirmed by the record of votes of the members of your Committee on Public Safety 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 Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 1 (Sakamoto).

SCRep. 2347 Public Safety on S.B. No. 3108

The purpose of this measure is to require inmates to pay the filing fees for a civil lawsuit in state court and if the inmate files four or more lawsuits that are deemed to be "frivolous," the inmate must pay the filing fees in advance of filing another lawsuit.

Testimony in support of this measure was submitted by the Department of Public Safety. Written testimony in opposition of this measure was submitted by the Community Alliance on Prisons. Oral testimony in opposition of this measure was stated by one individual.

Your Committee finds that requiring inmates to pay court filing fees for the lawsuits they file will help to deter the filing of frivolous lawsuits and also be a justification for receiving payments from inmates who are financially able to pay for their own filing fees.

Your Committee has amended this measure by:

- (1) Allowing an additional lawsuit that is deemed frivolous to be filed before the inmate is required to pay filing fees in advance of filing their civil lawsuit;
- (2) Changing its effective date to July 1, 2030 for purposes of facilitating further discussion; and
- (3) Making technical nonsubstantive amendments for the purpose of clarity.

As affirmed by the record of votes of the members of your Committee on Public Safety that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3108, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3108, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, none.

SCRep. 2348 Public Safety on S.B. No. 3109

The purpose of this measure is to eliminate the Correctional Program Revolving Fund by repealing section 353-33, Hawaii Revised Statutes.

Testimony in support of this measure was submitted by the Department of Public Safety.

Your Committee finds that the Revolving Fund's primary objective, to offset the costs of correctional programs for inmates through the collection of fees from the inmates that participated in the programs, has not been acted upon by the Department of Public Safety since 1996. Your Committee also finds that the Revolving Fund contains no moneys.

Your Committee has amended this measure by making technical, nonsubstantive amendments for the purpose of clarity.

As affirmed by the record of votes of the members of your Committee on Public Safety that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3109, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3109, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, none.

SCRep. 2349 Public Safety on S.B. No. 3263

The purpose of this measure is to provide the courts in the State of Hawaii with jurisdiction over a Hawaii inmate for civil actions committed against the Hawaii inmate, even if that inmate is incarcerated in a mainland prison.

Written testimony in support of this measure was submitted by the Community Alliance on Prisons and one individual citizen. Oral testimony in support of this measure was submitted by Life of the Land. Testimony in opposition of this measure was submitted by the Department of Public Safety and the Department of the Attorney General.

Your Committee finds that extending the jurisdiction of the courts in the State of Hawaii over tortious acts committed against Hawaii inmates who are transferred to institutions outside of Hawaii, is in harmony with the inmate's civil and constitutional rights. Furthermore, Hawaii has a greater interest than the state of the institution in ensuring the safety and well-being of these inmates.

Your Committee has amended this measure by making technical, nonsubstantive amendments for the purpose of clarity.

As affirmed by the record of votes of the members of your Committee on Public Safety that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3263, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3263, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 4. Ayes with Reservations, 1 (Whalen). Noes, none. Excused, none.

SCRep. 2350 (Majority) Energy and Environment on S.B. No. 2194

The purpose of this measure is to conduct a study regarding the feasibility of using waste plastics as an energy reserve.

Specifically, this measure appropriates funds to the Department of Business, Economic Development, and Tourism to conduct a study regarding the feasibility of using stockpiles of waste plastics as a strategic energy reserve.

Testimony in support of this measure was submitted by the Hawaii Food Industry Association.

Your Committee finds that it is advantageous for the State of Hawaii to create its own strategic energy reserves to supplement the existing federal energy reserves allotted to the State.

Your Committee further finds that waste plastics have high energy content and, when compacted and baled, can be safely stored; therefore, the possible use of waste plastics as a strategic energy reserve warrants further consideration.

As affirmed by the record of votes of the members of your Committee on Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2194 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, 1 (Trimble). Excused, 1 (Kokubun).

SCRep. 2351 Agriculture and Hawaiian Affairs on S.B. No. 2498

The purpose of this measure is to establish November 20th of each year as Makahiki Commemoration Day.

Your Committee received testimony in support of this measure from six individuals.

Your Committee finds that this measure will mark the beginning of the Mahahiki season which was established to perpetuate the ancient wisdom of land conservation, abundance, unity, and peace.

As affirmed by the record of votes of the members of your Committee on Agriculture and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2498 and recommends that it pass Second Reading and be referred to the Committee on Economic Development and Taxation.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2352 (Joint) Judiciary and Labor and Economic Development and Taxation on S.B. No. 3084

The purpose of this measure is to transfer the Workforce Development Council from the Department of Labor and Industrial Relations to the Department of Business, Economic Development, and Tourism.

Your Committees received testimony in support of this measure from the Workforce Development Council; the Department of Business, Economic Development, and Tourism; the Department of Labor and Industrial Relations; and The Chamber of Commerce of Hawaii.

Your Committees find that the national trend is for workforce development to be placed in states' commerce departments rather than remain a function of the labor departments. Your Committees also find that this measure may assist with securing federal funding for workforce development projects by demonstrating the State's commitment to aligning workforce development with economic development initiatives.

As affirmed by the records of votes of the members of your Committees on Judiciary and Labor and Economic Development and Taxation that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3084 and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 7. Noes, none. Excused, 4 (Baker, English, Hee, Kokubun).

SCRep. 2353 Economic Development and Taxation on S.B. No. 2852

The purpose of this measure is to appropriate moneys for economic diversification activities.

Testimony in support of this measure was received from the Department of Business, Economic Development, and Tourism; Hawaii Science & Technology Council; the Economic Development Alliance of Hawaii; Hawaii Island Economic Development Board; Kaua'i Economic Development Board, Inc.; Maui Economic Development Board's Women In Technology; and six Project EAST students.

Your Committee finds that innovative new programs, such as the STEM academies and creative media initiatives offer exciting academic and workforce options for Hawaii students. As these programs continue to expand, additional sources of funding will be needed to ensure their continued success. Your Committee supports this measure as a means of providing funds for these initiatives.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2852 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (English).

SCRep. 2354 (Joint) Water and Land and Intergovernmental and Military Affairs on S.B. No. 3223

The purpose of this measure is to make an appropriation to fund the creation of a global positioning system/geographic information system based property ownership database that would assist governmental agencies in timely and accurately identifying the ownership of properties that contain or are adjacent to streams, channels, ditches, and other flood control devices so that the responsible parties can be duly notified of their regular maintenance and care requirements. This database shall be used to interface with the present global information systems in the City and County of Honolulu.

Testimony in support of this measure was submitted by the City and County of Honolulu, Department of Facility Maintenance and a Councilmember of the City and County of Honolulu.

Your Committees find that streams, channels, ditches and other flood control devices, are prone to flooding due to annual average rainfall of approximately forty to sixty inches of rain that come in torrential downpours. The seasonal downpours overflow streams and flood control facilities resulting in the flooding of low-lying areas. Past floods have caused severe damage to personal and real property and have placed residents in imminent danger. Flood mitigation measures and timely maintenance of streams, channels, ditches, and other flood control devices can minimize or prevent the damage caused by overflowing stream banks and flooding. However, the State and City and County of Honolulu cannot initiate flood mitigation measures because portions of the streams, channels, ditches, and other flood control facilities are privately owned and accurate information on the property ownership of the flood control facilities is lacking. This measure will assist the State and City and County of Honolulu in obtaining vital information to prevent damage from floods.

Your Committees have amended this measure by making a technical, nonsubstantive amendment for purpose of clarity.

As affirmed by the records of votes of the members of your Committees on Water and Land and Intergovernmental and Military Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3223, as amended herein, and recommend 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 Chairs on behalf of the Committees. Ayes, 6. Noes, none. Excused, 2 (Fukunaga, Tsutsui).

SCRep. 2355 Water and Land on S.B. No. 2316

The purpose of this measure is to make an appropriation to build and maintain a perimeter fence to protect the Mauna Kea Forest Reserve.

Your Committee received testimony in support of this measure from Mauna Kea Forest Reserve, Hawaii Audubon Society, University of Hawaii at Hilo, Conservation Council for Hawaii, Hawaii Forest Industry Association, and seven individuals.

Your Committee finds that properly constructed and maintained perimeter fences are key to long-term protection of native ecosystems and habitat for endangered flora and fauna from the devastating impact of feral animals. This is especially true on Mauna Kea, where the native mamane tree provides an exclusive habitat for the endangered Mauna Kea silversword and numerous other rare and unique elements of Hawaiian biota.

Your Committee finds that building and maintaining a perimeter fence will help preserve Mauna Kea's unique ecosystems and habitats.

As affirmed by the record of votes of the members of your Committee on Water and Land that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2316 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Fukunaga, Whalen).

SCRep. 2356 Water and Land on S.B. No. 2154

The purpose of this Act is to create a pilot community conservation program, utilizing community partnerships, on the island of Maui.

Your Committee received testimony in support of this measure from Mayor of Maui, Department of Land and Natural Resources, and nineteen individuals. Testimony in opposition was received from the Hawaii Building and Construction Trades Council.

Your Committee finds that within the Division of Conservation and Resource Enforcement of the Department of Land and Natural Resources (Division), there is a growing need to create meaningful and sustainable partnerships with communities in order to better manage and protect Hawaii's unique and treasured natural and cultural resources.

Your Committee further finds that this need may be fulfilled through a community conservation program to educate ocean resource users on resource protection laws. By doing so, it is anticipated that the number of resource violations may be reduced through outreach, increased enforcement presence, and community empowerment.

Your Committee believes that by implementing a new operations model, the Division will better serve the cultural and environmental needs of the people of Hawaii, while protecting the natural resources of our island state.

As affirmed by the record of votes of the members of your Committee on Water and Land that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2154 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Ayes with Reservations, 1 (Kokubun). Noes, none. Excused, 2 (Fukunaga, Whalen).

SCRep. 2357 Water and Land on S.B. No. 1368

The purpose of this measure is to provide for the development of a use-it-or-lose-it mechanism for land classification to the urban district to ensure more effective timing of development of planned or approved urban or rural capacity.

Testimony in support of this measure was submitted by the Department of Business, Economic Development and Tourism, Office of Planning, Sierra Club, Hawaii, and one individual. Testimony in opposition to this measure was submitted by The Chamber of Commerce of Hawaii and Building Industry Association – Hawaii.

Your Committee finds that there are cases where lands reclassified by the Land Use Commission to the urban district are undeveloped for many years after the reclassification. Your Committee is concerned that in some cases conditions have changed so significantly that the development proposal as originally conceived may warrant review and reconsideration. Your Committee also finds that premature urban or rural classification encourages speculative land banking and creates uncertainty in the buildout of planned urban or rural capacity and associated infrastructure. This measure provides for the development of a use-it-or-lose-it mechanism to ensure more effective timing of development of planned or approved urban or rural capacity.

Your Committee has amended this measure 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 Water and Land that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1368, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1368, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Fukunaga, Whalen).

SCRep. 2358 Water and Land on S.B. No. 2755

The purpose of this measure is to provide hunters with access to various public hunting areas via easements across privately owned lands located adjacent to public hunting areas, and appropriate funds for the acquisition of easements from private owners of land adjacent to public hunting areas.

Your Committee received testimony in support of this measure from the Department of Land and Natural Resources, Hawaii Rifle Association, Pig Hunters Association of Oahu, Conservation Council of Hawaii, and one individual. Testimony in opposition was received from one individual.

Your Committee finds that hunters have historically had access to various public hunting areas by crossing through privately owned unimproved lands. Many of these previously unimproved lands are now being developed by their owners. As a result, hunters are being denied access to public hunting areas by their traditional means of access.

Your Committee further recognizes this trend and has been attempting to identify locations and evaluate methods to restore public access along many of the pre-existing but informal access routes. Due to liability concerns of adjacent landowners and the cost of access road management and maintenance, it is legally and fiscally challenging to restore public access.

Your Committee has amended this measure by changing the effective date to July 1, 2050, to continue the discussion in this matter.

As affirmed by the record of votes of the members of your Committee on Water and Land that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2755, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2755, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Fukunaga, Whalen).

SCRep. 2359 Transportation and International Affairs on S.B. No. 521

The purpose of this short form bill is to amend the law relating to international affairs.

Your Committee has amended this measure to correct outdated references in statutes by:

- (1) Deleting the reference to “trust territories” in section 346-59.4, Hawaii Revised Statutes, and inserting the full names of the Republic of the Marshall Islands and the Republic of Palau, where appropriate; and
- (2) Replacing a reference to “trust territories” in section 348-6(c), Hawaii Revised Statutes, with “territories, or commonwealths” to reflect the correct federal designation.

Your Committee has consulted with the Pacific Islands governments affected by this measure to ensure that the proposed changes are correct, and has received no opposition to the amendments.

As affirmed by the record of votes of the members of your Committee on Transportation and International Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 521, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 521, S.D. 1, and be recommitted to the Committee on Transportation and International Affairs, for further consideration.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 3 (Hooser, Inouye, Tsutsui).

SCRep. 2360 (Joint) Agriculture and Hawaiian Affairs and Energy and Environment on S.B. No. 2523

The purpose of this measure is to allow the Department of Agriculture to prohibit the sale of plants designated as restricted plants, prohibit the sale of noxious weeds in the State, and to recognize that designated restricted plants can be pests or can be hosts for pests.

Testimony in support of this measure was submitted by the Department of Agriculture, Department of Land and Natural Resources, The Nature Conservancy, Hawaii Audubon Society, Conservation Council for Hawai'i, Coordinating Group on Alien Pest Species, Big Island Invasive Species Committee, and Sierra Club Hawai'i Chapter.

Your Committees find that agriculture and conservation organizations in the State are fighting to slow down the invasion of alien species that are spreading from home and commercial landscapes into agricultural areas and native forests.

Under section 150A-6.1, Hawaii Revised Statutes, the Department of Agriculture is required to maintain a list of restricted plants that require a permit for entry into the State. The Department of Agriculture is currently in the process of updating its restricted plant list pursuant to that section of law. Under chapter 152, Hawaii Revised Statutes, the Department of Agriculture is responsible for establishing criteria and procedures for the designation of plant species as noxious weeds, and is required to publish and make available a list of noxious weeds to interested persons. While these statutory provisions provide restrictions on the importation and control of plants designated restricted, restrictions are not provided for the sale of these restricted plants, which include noxious weeds.

Your Committees further find that to help prevent further introductions of invasive species to the State, additional restrictions are needed to prevent the sale of plants designated on the restricted plant or noxious weed list. Additionally, further clarification is necessary to recognize that designated restricted plants can be pests or can be hosts for pests such as insects or pathogens.

This measure has been amended by:

- (1) Clarifying the description of restricted plants;
- (2) Providing that the Department of Agriculture may regulate the sale of restricted plants by rule;
- (3) Prohibiting the import of noxious weeds except for research purposes;
- (4) Prohibiting the sale of noxious weeds within the State; and
- (5) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Agriculture and Hawaiian Affairs and Energy and Environment that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2523, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2523, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chairs on behalf of the Committees. Ayes, 8. Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2361 (Joint) Commerce, Consumer Protection and Affordable Housing and Health on S.B. No. 2864

The purpose of this measure is to establish equality in the health care insurance market by requiring health insurance companies with more than fifty per cent of the market share to provide increased insurance reimbursements and those insurers with less than fifty per cent of the market share to be afforded an exemption from taxes on premiums if these smaller insurers work toward decreasing the number of uninsured in Hawaii.

Testimony in support of this measure was submitted from the Healthcare Association of Hawaii. Testimony in opposition to this measure was submitted by the Department of Commerce and Consumer Affairs, AlohaCare, and the Hawaii Medical Service Association. The American Council of Life Insurers submitted comments.

Hawaii's health care insurance market is plagued with low health care payments from Medicare, Medicaid, and private insurance companies, and high medical malpractice insurance premiums, which have resulted in physicians choosing to leave Hawaii to practice on the mainland where financial conditions are more reasonable. Furthermore, the State suffers from imperfect competition within the health care insurance market where a single company dominates. Your Committees find that before measures can be implemented to address the apparent inequality in the health care insurance market in Hawaii, an assessment needs to be conducted to gather pertinent information to develop policy solutions.

Accordingly, your Committees have amended this measure by:

- (1) Deleting its contents and inserting language that:
 - (A) Requires the Insurance Commissioner of the Department of Commerce and Consumer Affairs to conduct a study of the adequacy of health plan reimbursements to providers;
 - (B) Requires the Insurance Commissioner to submit a written report of findings and recommendations to the Legislature prior to the convening of the 2010 Regular Session; and
 - (C) Appropriates a sum of \$250,000 out of the Compliance Resolution Fund for the hiring of a consultant to assist the Insurance Commissioner in preparing the adequacy study report and for the purchase of information; and

- (2) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committees believe that this measure, as amended, fulfills the intent of this measure, which is to establish equality in the health care insurance market.

As affirmed by the records of votes of the members of your Committees on Commerce, Consumer Protection, and Affordable Housing and Health that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2864, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2864, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 6. Noes, none. Excused, 5 (Espero, Menor, Sakamoto, Trimble, Whalen).

SCRep. 2362 (Joint/Majority) Education and Tourism and Government Operations on S.B. No. 2664

The purpose of this measure is to establish and provide funding for an ombudsman for each school district to address questions and concerns of interested parties.

Testimony in support of the measure was submitted by two individuals. Testimony in opposition of the measure was submitted by the Department of Education and two individuals.

Your Committees find that ensuring the delivery of quality services by the Department of Education is necessary in caring for our children and providing them with a proper education. Your Committees further find that families often require assistance in dealing with the Department of Education and ensuring the provision of an adequate education for their children. This measure affirms the Legislature's commitment to ensuring that quality services are being provided to our children by utilizing the services of ombudsmen with knowledge of the system and the available services to help stakeholders in resolving problems and accessing appropriate services.

Your Committees received testimony raising concerns with the propriety of establishing ombudsman positions for each school district, the necessity of such positions, and the functions of the positions. Your Committees believe that assistance is still required to service stakeholders, provide further assurances regarding the quality of services being provided by the Department of Education, and build partnerships with the community that will help the Department in fulfilling its mission.

Accordingly, your Committees have amended this measure by:

- (1) Deleting the ombudsmen positions established under the measure;
- (2) Establishing community resolution and relations officer positions and specifying the number of positions to be established as follows — two for Oahu and one position each for Maui, Kauai, and Hawaii;
- (3) Specifying the duties of the community resolution and relations officers to include, among other things, problem solving, building community partnerships, facilitating community relations, assisting the public, and reporting to the Board of Education; and
- (4) Making technical, nonsubstantive changes for purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Education and Tourism and Government Operations that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2664, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2664, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 7. Noes, 2 (Slom, Trimble). Excused, 2 (Chun Oakland, Kim).

SCRep. 2363 (Joint) Economic Development and Taxation and Education on S.B. No. 2853

The purpose of this measure is to amend Act 213, Session Laws of Hawaii 2007, to amend section 70 to appropriate additional moneys in fiscal year 2008-2009 for the Hawaii Academy of Science, to assist the organization in the administration and operations of all its current and future interscholastic academic programs, including outreach and training programs.

Testimony in support of this measure was received from the Department of Education, Hawaii Crop Improvement Association, and one individual.

Your Committees find that this program, which encourages middle and high school students to explore science and engineering, provides well-deserved recognition of achievements by Hawaii youth in the areas of science and technology. As Hawaii looks at ways to diversify the economy, it is critical to encourage workforce development in the science and technology sector. Support of a program that encourages students to develop an interest in science goes hand-in-hand with these goals.

Your Committees have amended this measure by:

- (1) Clarifying that the Department of Education will contract the Hawaii Academy of Science to administer and operate the State of Hawaii Science and Engineering Fair, the Pacific Symposium, and the Hawaii Technology Education Association Fair; and
- (2) Amending the purpose section to reflect this change.

As affirmed by the records of votes of the members of your Committees on Economic Development and Taxation and Education that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2853, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2853, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 11. Noes, none. Excused, 2 (Chun Oakland, English).

SCRep. 2364 (Joint) Energy and Environment and Tourism and Government Operations on S.B. No. 2016

The purpose of this measure is to establish the global warming task force to assess the impacts of climate warming trends on the State.

Specifically, this measure establishes a global warming task force within the Department of Health, and requires an assessment of current and potential impacts of climate warming trends and rising ocean levels as a result of climate change on the citizens, natural resources, and the economy of the State. Furthermore, the measure requires that recommendations be made to the Legislature and the Governor on measures that would address or mitigate the near and long term effects of climate change.

Testimony in support of this measure was submitted by the Sierra Club; Hawai'i Hotel & Lodging Association; and The Nature Conservancy. Testimony in opposition to this measure was submitted by the Director of Health. Comments were submitted by Windward Ahupua'a Alliance.

Your Committees find that the climate warming trend threatens the State's resources and economy, and thus, it is advantageous to understand and prepare for the possible effects and impact of future climate warming.

The Nature Conservancy has suggested to your Committees that, as any impact on Hawaii's unique natural resources can directly affect the economy, the study should include an assessment of the impact of climate warming on native plants, animals, and ecosystems. Additionally, the study should make recommendations that would address the maintenance of the health and resilience of native species and ecosystems.

Accordingly, your Committee has amended this measure by:

- (1) Including in the study, an assessment on the current and potential impact of climate warming trends and rising ocean levels on native plants, animals, and ecosystems;
- (2) Including in the study, a request for recommendation on how to address or mitigate the near and long term effects of climate change on the health and resilience of native species and ecosystems; and
- (3) Changing its effective date to July, 1 2050, to ensure further discussion and consideration.

As affirmed by the records of votes of the members of your Committees on Energy and Environment and Tourism and Government Operations that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2016, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2016, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 5. Noes, none. Excused, 3 (Ihara, Kim, Kokubun).

SCRep. 2365 (Joint) Human Services and Public Housing and Judiciary and Labor on S.B. No. 2044

The purpose of this measure is to amend the temporary disability insurance law to permit an eligible employee to collect up to four weeks of temporary disability insurance benefit payments to care for a family member with a serious health condition.

Your Committees received testimony in support of this measure from the Policy Advisory Board of Elder Affairs; Maui County Executive on Aging; Hawaii Government Employees Association; Hawaii Teamsters and Allied Workers, Local 996; Hawaii Aging Advocates Coalition; National Multiple Sclerosis Society; ILWU Local 142; and one individual. Testimony in opposition was received from the Department of Labor and Industrial Relations, National Federation of Independent Business, and The Chamber of Commerce of Hawaii.

A recent report to the Legislature indicates that temporary disability insurance is one means to provide financial relief for caregivers. Your Committees believe that other means should be explored during the interim before statutory amendments are implemented to address such a wide ranging issue.

Act 204, Session Laws of Hawaii 2007, mandated the Joint Legislative Committee on Family Caregiving, created by Act 285, Session Laws of Hawaii 2006, to explore, among other things, alternative means of providing financial support for family caregivers in Hawaii. Pursuant thereto, the *State of Hawai'i Family Caregiver Needs Assessment* was prepared by a private contractor for the joint legislative committee. The assessment stated, in relevant part:

- (1) It is estimated that 9 per cent of caregivers in the United States quit their jobs to provide care;
- (2) Caregiving affected employment of one-quarter of caregivers, mainly in reduced work hours or taking leaves of absence;
- (3) A state income tax credit for caregivers has the greatest support among caregivers;
- (4) Although caregivers are doing well overall in their ability to provide care, there are certain impacts on physical and mental health, finances, and employment, for up to thirty per cent of all caregivers; and
- (5) Caregivers tend to have lower income than expected, especially given the high cost of living in Hawaii.

Accordingly, your Committees have amended this measure by deleting its contents and inserting a provision to follow-up on the findings of the *Family Caregiver Needs Assessment* by convening a working group to explore various funding mechanisms that could potentially support caregivers.

As affirmed by the records of votes of the members of your Committees on Human Services and Public Housing and Judiciary and Labor that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2044, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2044, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 7. Noes, none. Excused, 4 (Hee, Hooser, Kokubun, Hemmings).

SCRep. 2366 (Joint) Human Services and Public Housing and Judiciary and Labor on S.B. No. 2150

The purpose of this measure is to extend the protections of the dependent adult protective services law to vulnerable adults.

Your Committees received testimony in support of this measure from the Department of Human Services, State Council on Developmental Disabilities, Honolulu Department of Community Services, Kokua Council, Healthcare Association of Hawaii, National Association of Social Workers, Catholic Charities Hawai'i, ILWU Local 142, Maui County Executive on Aging, and three individuals.

This measure defines "vulnerable adult" in terms of a person who is eighteen years of age or older, who because of a mental, developmental, or physical impairment, is unable to perform certain specified basic functions of life. The measure also adds definitions for physical abuse, psychological abuse, self-neglect, poor self-care, and sexual abuse, as these terms relate to abuse of vulnerable adults.

Your Committees find that vulnerable adults have been a neglected segment of the dependent adult population. This measure replaces the term "dependent adult" with the term "vulnerable adult," and makes definitional and provisional amendments thereto. This measure also emphasizes the immediacy of the abuse rather than imminency.

Your Committees have amended this measure by:

- (1) Clarifying the Legislature's declaration that the protection of its citizens extends to those vulnerable to abuse, neglect, and exploitation;
- (2) Clarifying the definition of caregiver to be more inclusive of the applicable class;
- (3) Clarifying that the orders of the court may include any matters as may prevent immediate abuse;
- (4) Clarifying that any person, other than persons required to report abuse, may report abuse of vulnerable adults; and
- (5) Making technical, nonsubstantive amendments.

As affirmed by the records of votes of the members of your Committees on Human Services and Public Housing and Judiciary and Labor that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2150, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2150, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 7. Noes, none. Excused, 4 (Hee, Hooser, Kokubun, Hemmings).

SCRep. 2367 (Joint) Human Services and Public Housing and Public Safety on S.B. No. 2211

The purpose of this measure is to re-establish the Task Force on Children of Incarcerated Parents to continue to operate until December 31, 2010.

Testimony in support of this measure was submitted by the Department of Education, the Department of Public Safety, the Office of Youth Services, the Community Alliance on Prisons, the Drug Policy Forum of Hawai'i, Hawaii Youth Services Network, the Office of Hawaiian Affairs, the Task Force on Children of Incarcerated Parents, and two private citizens.

Your Committees find that national data show that children whose parents are incarcerated are six to seven times more likely than their peers to become incarcerated themselves, and that the task force needs more time to develop programs and support services for these children and their families in an effort to break the cycle of incarceration in the State.

As affirmed by the records of votes of the members of your Committees on Human Services and Public Housing and Public Safety that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2211 and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 5. Noes, none. Excused, 3 (Hooser, Nishihara, Hemmings).

SCRep. 2368 (Joint) Water and Land and Agriculture and Hawaiian Affairs on S.B. No. 2486

The purpose of this measure is to clarify that moneys in the Special Land and Development Fund may be expended for water and irrigations systems, as part of the regulation of water resources.

Your Committees received testimony in opposition to this measure from the Department of Land and Natural Resources.

Your Committees note the testimony of the Department of Land and Natural Resources that the primary jurisdiction and authority for irrigation systems that are mainly used for agricultural purposes rests with the Department of Agriculture and the Agribusiness Development Corporation. However, your Committee finds that water and irrigation systems are an integral part of the water resources under the State Water Code, which states in pertinent part in section 174C-2, Hawaii Revised Statutes:

"The state water code shall be liberally interpreted to obtain maximum beneficial use of the waters of the State for purposes such as domestic uses, aquaculture uses, irrigation and other agricultural uses, power development, and commercial and industrial uses."

Your Committees believe this measure should continue through the legislative process while the Legislature awaits a forthcoming Auditor report on irrigation.

Your Committees have amended this measure by changing the effective date to July 1, 2050, to continue the discussions in this matter.

As affirmed by the records of votes of the members of your Committees on Water and Land and Agriculture and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2486, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2486, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 5. Ayes with Reservations, 1 (Tokuda). Noes, none. Excused, 3 (Fukunaga, Kokubun, Slom).

SCRep. 2369 (Joint) Water and Land and Agriculture and Hawaiian Affairs on S.B. No. 2485

The purpose of this measure is to establish a special fund for a water system that is located on public lands for domestic and agricultural uses.

Your Committees received testimony in opposition to this measure from the Department of Land and Natural Resources and the Department of Budget and Finance.

Under this measure, moneys in the fund would be expended only for the purposes relating to the water system. Under chapter 174, Hawaii Revised Statutes, the Board of Land and Natural Resources has the responsibility for development of water facilities for economic development. Your Committees find that this measure augments the responsibilities of the Board to fulfill its duties.

Your Committees believe this measure should proceed through the legislative process as the Legislature presently awaits an Auditor report on the Moloka'i Irrigation System.

Your Committees have amended this measure by changing the effective date to July 1, 2050, to continue the discussions in this matter.

As affirmed by the records of votes of the members of your Committees on Water and Land and Agriculture and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2485, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2485, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 5. Ayes with Reservations, 1 (Tokuda). Noes, none. Excused, 3 (Fukunaga, Kokubun, Slom).

SCRep. 2370 (Joint) Economic Development and Taxation and Agriculture and Hawaiian Affairs on S.B. No. 2868

The purpose of this measure is to establish an archaeological data survey as an online database program under the State of Hawaii Museum of Natural and Cultural History, and authorize the Museum, in consultation with the Office of Hawaiian Affairs and the State Historic Preservation Division to withhold information from the database if a disclosure may pose a threat to a site or artifact.

Testimony in support of this measure was received from Bishop Museum. The Department of Land and Natural Resources and the Society for Hawaiian Archaeology submitted comments and recommendations for amendments.

Your Committees support the concept of this measure and are encouraged that the proponents and other parties continue to work in a collaborative effort to resolve their differences and concerns. Your Committees have received amendments recommended by the Bishop Museum, the State Historic Preservation Division of the Department of Land and Natural Resources, the Office of Hawaiian Affairs, and the Society for Hawaiian Archaeology.

Your Committees have amended this measure accordingly, by:

- (1) Stating that the online database is accessible to the public;
- (2) Clarifying that the information within the database may include the collections of the Bernice Pauahi Bishop Museum, publicly available materials, and materials from private entities or organizations, and that the database may include archaeological information including reports, photographs, drawings, maps, and archived documents; and
- (3) Adding language to specify that the database may also include compilations of collections information from public and private repositories, including a description of the materials and associated documentation in each collection, a listing of the owner or owners, a general assessment of the condition of the components; and other relevant information pertaining to each collection.

As affirmed by the records of votes of the members of your Committees on Economic Development and Taxation and Agriculture and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2868, as amended herein, and recommend 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 Chairs on behalf of the Committees. Ayes, 8. Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2371 Agriculture and Hawaiian Affairs on S.B. No. 3135

The purpose of this measure is to make an appropriation of funds from the Public Land Trust for the repair and maintenance of the Mo'okini Heiau on the Island of Hawaii.

Your Committee received testimony in support of this measure from the Department of Land and Natural Resources and Kahuna Nui Leimomi Mo'okini Lum of Mo'okini Luakini, Inc.

Your Committee finds that according to the genealogical chants, the Mo'okini Heiau on the slopes of Kohala is one of Hawai'i's oldest and largest historical sites. It has been cared for by the Mo'okini family under the direction of Kahuna Nui Leimomi Mo'okini Lum and is integral to the perpetuation of the Native Hawaiian people and culture.

Your Committee also finds that the appropriation of funds from the Public Land Trust for this measure shall not be taken from the Public Land Trust proceeds designated for the Office of Hawaiian Affairs.

As affirmed by the record of votes of the members of your Committee on Agriculture and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3135 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (Hee).

SCRep. 2372 Commerce, Consumer Protection and Affordable Housing on S.B. No. 2191

The purpose of this measure is to protect the health and safety of the public from damaged or fallen overhead utility poles by requiring the Public Utilities Commission to develop and implement a plan for the undergrounding of all overhead utility lines in all counties with a population of over 500,000 residents.

Specifically, this measure:

- (1) Requires the Public Utilities Commission to develop a plan for the systematic conversion of overhead utility lines to underground lines;
- (2) Establishes a pilot project in a county with a population greater than 500,000 residents that will focus on the undergrounding of utility lines within the Nanakuli to Makaha corridor of the island of Oahu, and requires the Public Utilities Commission to assess and collect an amount equal to one-half of the total cost of the pilot conversion project from the utilities affected by the project; and
- (3) Makes a blank appropriation out of the State Highway Fund for the purpose of developing and implementing a comprehensive plan and pilot conversion project for the undergrounding of utility lines.

Testimony in support of this measure was submitted by Na Leo Pohai and two private individuals. Testimony in opposition to this measure was submitted by the Department of Budget and Finance, the Department of Transportation, and Hawaiian Telcom. Comments were submitted by the Public Utilities Commission; the Division of Consumer Advocacy, Department of Commerce and Consumer Affairs; and the Hawaiian Electric Company.

In December of 2007, the State was struck by a storm that included torrential rains and high winds. Resulting storm damage on the leeward coast of Oahu was substantial with numerous utility poles falling and damaged. In one case, a utility pole snapped and landed on a house. High winds toppled a total of approximately nineteen poles in Nanakuli and approximately eighteen additional poles fell or were damaged in Maili. For at least three days following the initial storm, pockets of residents in Maili and Nanakuli continued to be without electric utility service. Your Committee finds that converting overhead utility lines to underground utility lines will ensure these incidences will not occur again in the future.

Testimony indicated concerns regarding the implementation of a statewide conversion program and the high costs of implementing this type of program, including the use of moneys from the State Highway Fund. However, your Committee emphasizes that damaged and fallen overhead utility lines pose a health and safety risk for residents living in areas that are repeatedly subjected to the loss of power due to damaged and fallen utility lines.

Accordingly, your Committee has amended this measure by:

- (1) Deleting its contents and replacing it with language that:
 - (A) Requires the Public Utilities Commission to conduct a statewide study to focus on one priority region per county and develop a plan, with consultation and input from the utility service providers and community engagement, for the undergrounding of overhead utility lines for health and safety purposes;
 - (B) Requires the Public Utilities Commission to submit to the Legislature an interim report prior to the 2009 Regular Session and a final report prior to the 2010 Regular Session; and
 - (C) Provides funding for the study by appropriating funds into the Public Utilities Special Fund under section 269-33, Hawaii Revised Statutes; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee believes that this measure, as amended, fulfills the intent of this measure, which is to protect the health and safety of the public from damaged or fallen overhead utility poles.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2191, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2191, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 3 (Espero, Ige, Taniguchi).

SCRep. 2373 Commerce, Consumer Protection and Affordable Housing on S.B. No. 2373

The purpose of this measure is to reduce the purchase of pseudoephedrine containing products for the purpose of manufacturing methamphetamines by requiring pharmacies and retailers to maintain an electronic purchase logbook of pseudoephedrine and pseudoephedrine combination product sales.

Testimony in support of this measure was submitted by the Department of Public Safety. Testimony in opposition to this measure was submitted by the Hawaii Food Industry Association and the Retail Merchants of Hawaii.

Your Committee finds that with the decrease in the quality of methamphetamine and the increase in its street price, it is inevitable that criminals will revert back to manufacturing their own high quality methamphetamine using pseudoephedrine products obtained from retail distributors. A study conducted in 2004, indicated that there were 1,883 retail stores in the State that were able to sell pseudoephedrine products, and most of these stores were not pharmacies and were unable to verify prior pseudoephedrine sales with their other retail counterparts. Thus, an individual would have the ability to visit multiple retail chain stores and obtain 3.6 grams of pseudoephedrine per visit without the retailer being able to verify or track the individual's previous purchases that day.

Your Committee heard concerns regarding the potentially high costs for pharmacies and retailers associated with the purchase and maintenance of an electronic purchase logbook. The Hawaii Food Industry Association suggested an alternative recording method using a computer spreadsheet and electronically mailing the information once a month to the Narcotic Enforcement Division of the Department of Public Safety, which will dramatically decrease the costs for the pharmacies and retailers in Hawaii to comply with this measure.

Furthermore, the Department of Public Safety suggested criminal penalties for individuals who purchase, receive, or otherwise acquire more than nine grams of any product containing a detectable quantity of pseudoephedrine without a valid prescription within a thirty-day period. While your Committee recognizes the importance of curtailing the purchase of pseudoephedrine products for the manufacturing of methamphetamines, your Committee encourages further discussion on criminal penalties by the Committee on Judiciary and Labor.

Accordingly, your Committee has amended this measure by:

- (1) Inserting language that requires applicable pharmacies and retailers to record pseudoephedrine sales by using an Excel spreadsheet provided by the Narcotics Enforcement Division and electronically mailing the spreadsheet to the Narcotics Enforcement Division once a month;
- (2) Adding language that mandates applicable pharmacies and retailers selling pseudoephedrine products to maintain a pseudoephedrine purchase log; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee believes that this measure, as amended, fulfills the intent of this measure, which is to reduce the purchase of pseudoephedrine containing products for the manufacturing of methamphetamines.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2373, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2373, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 4. Ayes with Reservations, 1 (Trimble). Noes, none. Excused, 3 (Espero, Ige, Taniguchi).

SCRep. 2374 Commerce, Consumer Protection and Affordable Housing on S.B. No. 3026

The purpose of this measure is to protect Hawaii consumers from property consultants who prey on homeowners facing foreclosure by requiring these consultants to provide homeowners with a written contract spelling out services and with the right to cancel at any time before the services are actually performed.

Specifically, this measure establishes a new chapter under title 26, Hawaii Revised Statutes, to set forth the Mortgage Rescue Fraud Act to:

- (1) Require mortgage rescuers to provide homeowners with a written contract that spells out the services the mortgage rescuer is expected to provide and allow the homeowner the right to cancel the contract at any time before the services are rendered; and
- (2) Limit the amount that the mortgage rescuer can make if the homeowner is successful in buying back the home to one hundred twenty-five per cent of the total debt on the home paid by the mortgage rescuer, and require that the mortgage rescuer provide the homeowner with at least eighty-two per cent of the value of their home if the homeowner is eventually unable to buy back the home from the mortgage rescuer.

Testimony in support of this measure was submitted by the Department of Commerce and Consumer Affairs, the Hawaii Association of Realtors, the Legal Aid Society of Hawaii, and the Hawaii Credit Union League.

Scammers called "mortgage rescuers" seek to take advantage of desperate homeowners trying to save their property from foreclosure by offering phantom help to homeowners, and taking a fee of a few thousand dollars for supposedly negotiating with the homeowners' creditors. After collecting the money, many mortgage rescuers do little or no work and essentially abandon the homeowners. In the most insidious cases, the mortgage rescuer will persuade families to deed their home to investors for a year to supposedly allow families time to clear up their credit and refinance the property, and then take back title free and clear. In many cases, the homeowners wind up becoming tenants and then being evicted from their own home.

Your Committee finds that this measure addresses both forms of trickery by forcing the mortgage rescuers to provide homeowners with a written contract that spells out the services the mortgage rescuer is expected to provide and allowing the homeowner the right to cancel the contract at any time before the services are rendered. Your Committee notes that the Hawaii Association of Realtors suggested a rescission period of fifteen days rather than five days as indicated in the measure. Your Committee encourages the Office of Consumer Protection of the Department of Commerce and Consumer Affairs to work together with the Hawaii Association of Realtors and continue discussion on this matter with the Committee on Judiciary and Labor.

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

Your Committee believes that this measure, as amended, fulfills the intent of this measure, which is to protect Hawaii consumers from property consultants who prey on homeowners facing foreclosure.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3026, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3026, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 3 (Espero, Ige, Taniguchi).

SCRep. 2375 Economic Development and Taxation on S.B. No. 2155

The purpose of this measure is to provide an exemption from general excise tax to managed care support contractors for reimbursements of costs or advances made pursuant to a contract for the administration of the federal TRICARE program.

Testimony in support of this measure was submitted by the Hawaii Medical Service Association. Comments on this measure were submitted by the Department of Taxation, the Tax Foundation of Hawaii, and one individual citizen.

Your Committee finds that every state, except one, currently exempts from tax reimbursements of costs or advances made pursuant to a contract for the administration of the federal TRICARE program. Thus far, the Department of Taxation has not collected any general excise taxes on those federal reimbursements. This measure would provide a statutory exemption for those reimbursements and help to ensure the continued availability of the TRICARE program to over 150,000 people in Hawaii who rely on the program.

Accordingly, it is the intent of your Committee to support a general excise tax exemption to managed care support contractors who receive reimbursements for costs or advances made pursuant to a contract for the administration of the federal TRICARE program.

Your Committee received a fiscal impact statement from the Department of Taxation that this measure, as introduced, would result in an annual revenue loss to the State of \$3,600,000. Their methodology is as follows:

The Department of Taxation estimated that the annual reimbursements for such costs or advances are \$90,300,000. That total multiplied by the four per cent general excise tax rate is approximately \$3,600,000 per year.

Your Committee has amended this measure by:

- (1) Clarifying that the exemption from the general excise tax for managed care support contractors of the TRICARE program is for the reimbursement of costs or advances made to health care providers pursuant to a contract; and
- (2) 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 and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2155, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2155, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (English).

SCRep. 2376 Economic Development and Taxation on S.B. No. 2757

The purpose of this measure is to provide a one-time nonrefundable tax credit to taxpayers who were victims of the 2007 Waialua brushfires.

Testimony in support of this measure was submitted by the Department of Defense. Comments on this measure were submitted by the Department of Taxation and the Tax Foundation of Hawaii.

Your Committee finds that providing those taxpayers that were harmed by the brushfires with a nonrefundable tax credit will provide them with needed tax relief and also enable them to absorb some of their expenses or costs for repairing damage from the brushfires. Your Committee further finds that those taxpayers harmed from the brushfires were located within the boundaries of Senate District twenty-two and it appears that a relatively nominal number of claims for the credit will be made since apparently only five farms were damaged from the brushfires.

Accordingly, it is the intent of your Committee to support a nonrefundable tax credit to those taxpayers who incurred expenses or costs to repair their real or personal property as a result of the Waialua brushfires in 2007.

Your Committee did not receive a fiscal impact statement from the Department of Taxation for this measure because a revenue loss cannot be projected since no credit amounts have been utilized.

Accordingly, your Committee has amended this measure by:

- (1) Revising the eligible taxpayers for this nonrefundable tax credit to those harmed by the brushfires that are located within Senate District twenty-two; and
- (2) 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 and Taxation 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 referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (English).

SCRep. 2377 Commerce, Consumer Protection and Affordable Housing on S.B. No. 2555

The purpose of this measure is to provide a centralized and focused dedication to planning and sustainability by establishing within the Executive Branch a new Department of Planning and Sustainability to address issues regarding the long-range planning of the State, to coordinate policies and actions relating to state planning and sustainability issues, and to provide a comprehensive sustainability agenda for the State.

Specifically, this measure establishes a Department of Planning and Sustainability to:

- (1) Have sole jurisdiction over the Agribusiness Development Corporation, the Commission on Water Resource Management, the duties and responsibilities of the Energy Resources Coordinator, the Hawaii Community Development Authority, the Land Use Commission, the Office of Environmental Quality Control, and the Office of Planning;
- (2) Administer programs to address issues regarding the long-range planning of the State, to coordinate policies and actions relating to state planning and sustainability issues, and to provide a comprehensive sustainability agenda for the State; and
- (3) Be led by the Director of the Office of Planning and the Office of Planning, which will be the lead agency of the Department of Planning and Sustainability for administrative purposes.

Testimony in support of this measure was submitted by one private individual. Testimony in opposition to this measure was submitted by the Department of Land and Natural Resources; the Department of Agriculture; the Agribusiness Development Corporation; the Department of Business, Economic Development, and Tourism; the Office of Planning, Department of Business, Economic Development, and Tourism; the Hawaii Community Development Authority; the Building Industry Association – Hawaii; the Hawaii Farm Bureau Federation; the Hawaii Agriculture Research Center; The Chamber of Commerce of Hawaii; the East Kauai Water Users' Cooperative; the Hawaii Building and Construction Trades Council, AFL-CIO; the Land Use Commission of Hawaii; and three private individuals. Comments on this measure were submitted by the Legislative Reference Bureau, Castle & Cooke Hawaii, and the Life of the Land.

During the 2005 Special Session, the Legislature enacted Act 8, Special Session Laws of Hawaii 2005, which created the Hawaii 2050 Sustainability Task Force to review the Hawaii State Plan and the State's planning process. In enacting Act 8, the Legislature expressed its belief that government is responsible for resolving daily and immediate issues and public needs, while providing guidance to assure a sustainable future and outlook. As a result of the efforts of the Hawaii 2050 Sustainability Task Force and coordinated and comprehensive community participation and input, the Hawaii 2050 Sustainability Plan, submitted to the Legislature in December 2007, has revitalized the State's long-term planning process to better guide the future development of Hawaii.

Your Committee finds that there are several existing state agencies and offices, or state officer duties and responsibilities, which focus on and serve various functions in achieving and maintaining a more sustainable future for the State, including the Agribusiness Development Corporation, the Commission on Water Resource Management, the duties and responsibilities of the Energy Resources Coordinator, the Hawaii Community Development Authority, the Land Use Commission, the Office of Environmental Quality Control, and the Office of Planning. Although these state agencies and officials strive to develop and set forth policies relating to various aspects of sustainability, they are each placed under different state departments for administrative purposes. Combining these state agencies and certain duties and responsibilities under a single state department will enable these agencies to unify their sustainability efforts under a single administrative umbrella. Thus, establishing a new department dedicated to planning and sustainability creates, clarifies, and concentrates the State's long-range planning and sustainability initiatives, policies, and efforts by using existing agencies and offices rather than creating an additional layer of government.

Your Committee emphasizes that the purpose of this measure is not to take away the powers of or eliminate any of the agencies, corporations, offices, or duties and responsibilities proposed to be placed under the Department of Planning and Sustainability, but it is instead intended to combine all of the state planning and sustainability efforts into a focused, comprehensive, and long-term state effort for the purposes of efficiency and effectiveness. However, your Committee recognizes the concerns raised regarding implementing this measure and encourages further opportunity for discussion.

Accordingly, your Committee has amended this measure by:

- (1) Removing the Agribusiness Development Corporation from being administratively attached to the Department of Planning and Sustainability and deleting references to the Agribusiness Development Corporation;
- (2) Inserting an effective date of July 1, 2050 to ensure further discussion on this matter by the Committee on Ways and Means; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee believes that establishing within the Executive Branch a new Department of Planning and Sustainability fulfills the intent of this measure, which is to provide a centralized and focused dedication to planning and sustainability in the State.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2555, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2555, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Ayes with Reservations, 1 (Trimble). Noes, none. Excused, 3 (Ihara, Sakamoto, Taniguchi).

SCRep. 2378 Commerce, Consumer Protection and Affordable Housing on S.B. No. 3023

The purpose of this measure is to enhance Hawaii's position as one of the world's leading captive insurance jurisdictions by providing the opportunity for qualified captive organizers to pursue the securitization of insurance risks through a Hawaii-licensed captive insurance company, known as a "Special Purpose Financial Captive Insurance Company" (SPFCIC).

Specifically, this measure adds a new part to chapter 431, article 19, Hawaii Revised Statutes, relating to captive insurance companies to provide for the organization, licensing, operation, and regulation of SPFCICs in Hawaii.

Testimony in support of this measure was submitted by the Department of Commerce and Consumer Affairs, Artex Risk Solutions, Inc., the Hawaii Captive Insurers Council, and a private individual.

Securitization is a financing process that allows a company to obtain current funding from illiquid assets that cannot be readily sold. Large national and international insurance companies utilize special purpose vehicles, including SPFCICs, to issue securities to sophisticated capital market investors, and then use the proceeds from the securities to fund their respective operations or reserves. Your Committee finds that the demand for implementing SPFCIC insurance securitization is anticipated to continue for the next several years as life insurers have to increase their reserves to meet new regulatory reserving standards as well as catastrophic mortality risks prompted by terrorism and pandemics. Providing the organization, licensing, operation, and regulation of SPFCICs will provide the State an opportunity to attract some of the United States demand as well as the potential demand from emerging Pacific and Asian insurance markets.

Your Committee has amended this measure by:

- (1) Adopting the clarifying amendments and inserting the suggested language provided by the Department of Commerce and Consumer Affairs;
- (2) Adopting the suggested amendments from the Hawaii Captive Insurance Council and inserting the suggested language that adds a new part to and makes several amendments under chapter 431, article 19, Hawaii Revised Statutes, to provide clarity on sponsored captive insurance companies; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee believes that this measure, as amended, fulfills the intent of this measure, which is to enhance Hawaii's position as one of the world's leading captive insurance jurisdictions.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3023, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3023, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 2 (Ihara, Sakamoto).

SCRep. 2379 Education on S.B. No. 2697

The purpose of this measure is to require the Department of Education to implement physical education instruction for grades kindergarten through eight.

This measure also:

- (1) Allows credit to be granted for certain athletic and co-curricular activities;
- (2) Provides for the recruitment of licensed physical education teachers; and
- (3) Makes appropriations for the foregoing.

Testimony in support of the measure was submitted by the Hawaii Association for Health, Physical Education, Recreation and Dance and twenty-one individuals. Testimony in opposition of the measure was submitted by the Department of Education, the American Heart Association, the Hawaii State Teachers Association, the Hawaii State Physical Activity and Nutrition Coalition, and twelve individuals. Comments on the measure were also submitted by twelve individuals.

Your Committee finds that childhood and adolescent obesity are at an all-time high and can lead to the development of life-long health problems. Your Committee further finds that physical activity can have beneficial effects on one's long-term mental and physical health. Studies have indicated that individuals who lead physically active lives as children are more likely to continue a pattern of physical activity into adulthood and are also associated with having higher levels of academic achievement. This measure ensures appropriate physical education instruction for students in grades kindergarten through six, after-school and summer programs for students, physical education instruction that is in accordance with the National Association for Sports and Physical Education, and the provision of specialized credit for certain approved after-school athletic activities.

Your Committee received testimony regarding concerns and confusion with the possible provision of specialized credit for approved after-school athletic activity and other co-curricular activities. Your Committee believes that our public schools must provide our students with appropriate physical activities and programs that promote a commitment to lifelong physical activity. Many athletic pursuits are endeavors that can teach and promote physical health in areas that students may be able to continue to participate for many years and decades to come, including golf, swimming, and tennis. Such athletic activity should be carefully examined to determine whether there is alignment with current Department of Education standards and the propriety of the eligibility for earning credit. Thus, your Committee determines that in order to clear up any confusion or concerns regarding the provision of specialized credit for certain activities, the Department of Education should examine the greater picture of those activities for which students should earn specialized or elective credits.

Accordingly, your Committee has amended this measure by:

- (1) Requiring the Department of Education to develop and recommend to the Board of Education a policy for the issuance of specialized credit for participation in after-school athletic activity and other co-curricular activities by school year 2009-2010; and
- (2) Removing language that required participation in after-school athletic activity or other co-curricular activity to be certified by a licensed physical education teacher as being generally in accordance with the standards established by the Department of Education for physical education instruction in order to be granted specialized credit therefor.

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. 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 referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 7. Noes, none. Excused, 1 (Chun Oakland).

SCRep. 2380 Human Services and Public Housing on S.B. No. 3060

The purpose of this measure is to allow the Hawaii Public Housing Authority to hold eviction hearings without the presence of the tenant member of the Authority's eviction boards as long as quorum is met.

Testimony in support of this measure was submitted by the Hawaii Public Housing Authority and the Office of Hawaiian Affairs. Comments on the measure were submitted by one private citizen.

Your Committee finds that a situation has developed where public housing eviction hearings have been delayed for months due to an inability to find a public housing tenant to serve on an eviction board, due in part to a fear of retaliation from fellow housing residents. Your Committee further finds that allowing the Hawaii Public Housing Authority to hold eviction hearings without the presence of the tenant member of the board will eliminate these time delays and save the Authority, which is currently running at a deficit, the costs incurred by the delays.

Your Committee has amended this measure 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 Human Services and Public Housing 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 and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Hooser, Sakamoto).

SCRep. 2381 Human Services and Public Housing on S.B. No. 2352

The purpose of this measure is to establish a three-year pilot program run by the Department of Human Services to conduct and expand asset building classes for individuals with disabilities and parents of children with disabilities statewide.

Testimony in support of this measure was submitted by the Department of Human Services and the State Council on Developmental Disabilities. Comments on the measure were submitted by the State Procurement Office.

Your Committee finds that a significant number of recipients of Temporary Assistance for Needy Families are individuals with disabilities, or parents of children with disabilities, and that more can be done to assist this population in the areas of vocational rehabilitation, improved access to services, and life skills training.

Your Committee has amended this measure 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 Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2352, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2352, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Hooser, Sakamoto).

SCRep. 2382 Tourism and Government Operations on S.B. No. 1789

The purpose of this measure is to allow the Director of Commerce and Consumer Affairs to designate an access organization to oversee the development, operation, supervision, management, production, or broadcasting of programs for any cable franchise operators; provided, among other things, that the designation decision is exempt from the requirements of chapter 103D, Hawaii Revised Statutes, the Hawaii Procurement Code.

This measure also requires the Director of Commerce and Consumer Affairs to seek the advice of the Cable Advisory Committee on any decision designating, modifying, or rescinding a designation of an access organization or the requirements therefor.

Your Committee received testimony in support of this measure from the Olelo Community Media Center at Wai'anae, Olelo Community Television, Communities in Schools-Hi, Na Koa Ikaika o Ka Lahui Hawaii, one State House Representative; and eighty-eight individuals. Testimony in opposition to this measure was received from the State Procurement Office; Animal Advocate, Inc.; and one individual. Comments were received from the Department of Accounting and General Services; Department of Commerce and Consumer Affairs; Communities in School of Hawai'i Project; and five individuals.

The intent of this measure is to allow community television to develop and respond to the needs of the many diverse communities in the State. For example, testimony indicated that the people of the Wai'anae coast have benefited from Olelo's wisdom and efforts in making public education and government programs (PEG) more accessible by placing a media center in Waianae as well as in five other communities and with more planned. Olelo also provides a variety of community oriented and government proceedings programs.

Testimony indicated that the most substantial provision of this measure is the procurement exemption for the award of an access organization designation. Your Committee finds that while an open bid process promotes the public interest generally, in this instance of selecting a PEG organization, open competition would be detrimental to the public. Much of the quality of PEG depends upon the perception and sensitivity of the provider to the needs and wants of the community. The unquantifiable intangibles of social impact would be negated in an open competition bid process, resulting in rural districts being adversely affected.

Your Committee has amended this measure by:

- (1) Clarifying that the measure applies to an access organization to oversee public education and government channels;
- (2) Changing the effective date to July 1, 2050, to continue discussion; and
- (3) Making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Tourism and Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1789, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1789, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Affordable Housing.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 1 (Kim).

SCRep. 2383 Water and Land on S.B. No. 2871

The purpose of this measure is to ensure that laws and rules relating to aquatic resources incorporate community input and cultural and traditional practices.

Specifically, this measure:

- (1) Adds a new part to chapter 188, Hawaii Revised Statutes, that establishes a Maka'i O Ke Kai program under the Department of Land and Natural Resources, Division of Aquatic Resources, which:
 - (A) Allows the Department to provide matching grants to any Maka'i O Ke Kai program to implement community-based marine management initiatives designed to restore, protect, sustainably manage, and apply traditional Hawaiian resource management to near shore reefs and marine habitats;
 - (B) Allows the Department and a Maka'i O Ke Kai program to partner with local communities to train volunteers on marine resource management, education, and enforcement;
 - (C) Provides guidelines and criteria for communities interested in establishing a Maka'i O Ke Kai project; and
 - (D) Establishes a Community-Based Marine Resource Management Advisory Board to advise the Department of Land and Natural Resources on matters relating to community-based near shore resource management and fisheries rules with members representing Maka'i O Ke Kai projects, Native Hawaiian fishing practitioners, recreational fishers, the National Oceanic and Atmospheric Administration, and a marine scientist;
- (2) Appropriates a blank amount for the Community-Based Marine Resource Management Advisory Board to carry out its responsibilities; and
- (3) Appropriates a blank amount for the Maka'i O Ke Kai program.

Testimony in support of this measure was submitted by the Nature Conservancy of Hawai'i, the Hanalei Watershed Hui, the Conservation Council for Hawai'i, the Hawai'i Audubon Society, Mālama Hawai'i, Hui Mālama O Pūpūkea-Waimea, the Ocean Tourism Coalition, and the Community Conservation Network.

A number of communities that rely on Hawaii's aquatic resources are disenfranchised with the current administrative rulemaking process used to develop marine management policies. These impacted communities and user groups of public fishing areas indicate that there are limited opportunities for community input and engagement during the rulemaking process. Thus, your Committee finds that community engagement is an essential element when enacting rules that have an effect on community lifestyle, livelihood, culture, and tradition.

Over the past several years, many local communities have expressed interest in assisting in managing and restoring Hawaii's near shore reefs and marine habitats, and have initiated discussions regarding management, enforcement, and monitoring of the marine resources surrounding their communities. The Miloli'i community-based effort established the Maka'i O Ke Kai program, which is a partnership in marine resource enforcement, education, outreach, monitoring, and surveillance between local community members and the Department of Land and Natural Resources. Furthermore, your Committee has received input from and recognizes the efforts of the marine resources management programs at Ho'okena and Honaunau.

Your Committee finds that community-based programs, like the Maka'i O Ke Kai program, serve as vehicles for engaging local communities in the management of marine resources, and is an appropriate approach to addressing community concerns regarding rules affecting fishing in public fishing areas.

Your Committee has amended this measure by:

- (1) Inserting an effective date of July 1, 2050 to encourage further discussion on this matter by the Committee on Ways and Means; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee believes that this measure, as amended, fulfills its intent, which is to ensure that laws and rules relating to marine resources incorporate community input and cultural practices.

As affirmed by the record of votes of the members of your Committee on Water and Land that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2871, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2871, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Fukunaga, Whalen).

SCRep. 2384 Agriculture and Hawaiian Affairs on S.B. No. 3209

The purpose of this measure is to provide a tax credit for qualified agricultural costs incurred to improve farms on land classified as agricultural districts.

Specifically, the measure establishes an income tax credit of twenty per cent or up to \$50,000 in the first year, and ten per cent or up to \$25,000 for the following three years, for qualified agricultural costs incurred by a taxpayer.

Testimony in support of this measure was submitted by Maui Land & Pineapple Company, Inc. and Alexander & Baldwin, Inc. The Department of Agriculture submitted testimony in support of the intent of this measure. The Department of Taxation and Tax Foundation of Hawaii submitted comments regarding this measure.

Your Committee finds that the best way to preserve agricultural lands is to preserve agricultural businesses and agricultural viability. This is especially true with regard to lands designated as important agricultural lands.

Your Committee has amended this measure by making the following amendments:

- (1) Requiring that, prior to claiming a tax credit, a taxpayer request a letter from the Department of Agriculture specifying the qualified agricultural costs in the taxable year the tax credit will be claimed;
- (2) Amending the definition of "agricultural land" to mean land designated as important agricultural lands pursuant to Part III of chapter 205, Hawaii Revised Statutes; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee further notes that as a result of the amendment limiting this tax credit to land designated as important agricultural land, the actual revenue impact will be substantially lower than the projected revenue impact figures submitted by the Department of Taxation.

As affirmed by the record of votes of the members of your Committee on Agriculture and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3209, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3209, S.D. 1, and be referred to the Committees on Economic Development and Taxation and Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2385 Agriculture and Hawaiian Affairs on S.B. No. 2915

The purpose of this measure is to create the Taro Security and Purity Task Force within the Department of Agriculture and to appropriate funds for that purpose.

Testimony in support of this measure was submitted by the Office of Hawaiian Affairs, Hawaii Crop Improvement Association, and four individuals. The Department of Agriculture submitted comments.

Your Committee recognizes the need to develop non-genetic modification based solutions to protect taro from disease and insects on a statewide basis. In Senate Concurrent Resolution No. 206 (2007), the Legislature requested that the Department of Agriculture develop a Taro Security and Purity Research Program that is designed to ensure that taro can be saved and protected from natural attack.

In 2007, 1.8 million pounds of taro were imported to Hawai'i. Under current biosecurity rules, the Department of Agriculture was unable to inspect much of these imports for threats to existing taro crops in the State.

At the same time, taro farmers are struggling with high rates of pests and disease infestation, rising crop and land costs, lack of access to quality water and land resources, declines in crop cultivar biodiversity, and a decrease in the number of families able to continue the taro farming lifestyle. Taro and taro farms are a visual image that is critical to Hawaii's economic vitality in agriculture, tourism, health and wellness, and education and the arts. Taro and taro farms help to sell Hawai'i to the world.

The Department of Agriculture was tasked under Senate Concurrent Resolution No. 206 (2007) to collaborate with taro growers and various Native Hawaiian groups to develop and adopt a program that would:

- (1) Allow the Department of Agriculture's biosecurity program to protect crops in Hawai'i by inspecting foreign crops upon entrance to the State, and preventing any viruses or insects from entering the State;
- (2) Allow alternative forms of research on taro other than genetic modification;
- (3) Provide public outreach, engagement, and education on taro research and protection; and
- (4) Request the United States Department of Agriculture to have the Alomae/Bobone virus disease complex and taro beetles designated as "actionable pests" in the findings of the United States Department of Agriculture and the Hawai'i Department of Agriculture report to prevent entry into Hawai'i from foreign countries.

The Department of Agriculture initiated a dialogue with taro farmers from each island, researchers and representatives from the University of Hawai'i, the Hawai'i Farm Bureau, and the Office of Hawaiian Affairs. From that dialogue a joint report was drafted

describing the outcomes and recommendations of the participants. The joint report included proposed legislation and was developed and forwarded to the Legislature.

One of the primary recommendations of that report was to form a Taro Security and Purity Task Force in order to guide policy and prioritize research for the protection of taro in Hawai'i.

To ensure that such a task force would have the full participation of taro farmers throughout the State, who have faced crop hardships for many years without financial assistance and whose resources are limited, the participants recommended that the task force be funded under a legislative appropriation for fiscal year 2009.

Your Committee has amended this measure by clarifying that the itemized appropriation made pursuant to section 8(1) of this measure be for the purpose of convening and implementing the task force.

As affirmed by the record of votes of the members of your Committee on Agriculture and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2915, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2915, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2386 (Joint) Agriculture and Hawaiian Affairs and Water and Land on S.B. No. 2247

The purpose of this measure is to make an appropriation to the Department of Agriculture for the purchase of equipment to be used to maintain the Moloka'i Irrigation System.

Testimony in support of this measure was submitted by Puakala Farms, Potted Beauties, Coffees of Hawaii, LLC, George Mokuau Farms, Ahupua'a O Moloka'i, and three individuals. Testimony in support of the intent of this measure was submitted by the Department of Agriculture and Department of Hawaiian Home Lands.

Your Committees find that the purchase of equipment is necessary for the maintenance of the Moloka'i Irrigation System. Additionally, your Committees request the Department of Agriculture provide to your Committees and the Committee on Ways and Means with a list of all projects related to the Moloka'i Irrigation System and a cost breakdown for each project.

As affirmed by the records of votes of the members of your Committees on Agriculture and Hawaiian Affairs and Water and Land that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2247 and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 5. Noes, none. Excused, 3 (Fukunaga, Kokubun, Slom).

SCRep. 2387 (Joint) Transportation and International Affairs and Intergovernmental and Military Affairs on S.B. No. 2900

The purpose of this measure is to:

- (1) Establish that any respective county, through its authorized agents, has the power to enforce laws and rules applicable to the use of roads in limbo; and
- (2) Ensure that the general public retains the right to use roads in limbo to access coastal and inland recreational areas, including beaches, shores, parks, and trails.

Testimony in support of this measure was received from the Mayor of the County of Kaua'i, Beach Access Hawaii, and one individual. The City and County of Honolulu submitted testimony in opposition. The Department of the Attorney General submitted comments.

Your Committees find that the lack of agreement between the State and the counties on jurisdiction of certain roads should not diminish the fact that the roads are public, and that laws applicable to public roads should apply. In addition, this measure will assist the counties by specifying that no presumption of ownership shall arise because the counties enforce laws on these roads, and clarify public access to coastal and inland recreational areas.

Your Committees have amended this measure by:

- (1) Providing that a county may, rather than shall, impose and enforce laws on public streets or highways whose ownership is in dispute between the State and the county;
- (2) Addressing the issue of access through roads in limbo by clarifying that the general public has the unrestricted right to use public streets or highways whose ownership is in dispute between the State and the county, in order to access the shoreline and other public recreational areas, but not private streets or highways in dispute;
- (3) Amending the purpose section to reflect these changes; and
- (4) Making a technical amendment for the purpose of clarity.

As affirmed by the records of votes of the members of your Committees on Transportation and International Affairs and Intergovernmental and Military Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2900, as amended herein, and recommend 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 and Labor.

Signed by the Chairs on behalf of the Committees. Ayes, 8. Noes, none. Excused, none.

SCRep. 2388 (Joint) Economic Development and Taxation and Judiciary and Labor on S.B. No. 2803

The purpose of this measure is to implement recommendations of the December 2007 report of the Hawaii Identity Theft Task Force (ID Theft Task Force) to protect the security of personal information collected and maintained by state and county governments.

Testimony in support of this measure was received from the Department of Education, Hawaii Financial Services Association, and Retail Merchants of Hawaii. The Consumer Data Industry Association submitted testimony in opposition. The Department of Commerce and Consumer Affairs and the University of Hawai'i System submitted comments.

Your Committees find that this measure reflects the lengthy briefings by state and county agencies and deliberations that the ID Theft Task Force conducted to develop recommendations to safeguard personal information contained in government records.

While some agencies may consider some of the recommended "best practices" adopted by federal agencies and other jurisdictions to be burdensome, the ID Theft Task Force carefully weighed the need to protect and safeguard personal information against procedural requirements that could hinder efficient government use of social security numbers and other information for legitimate identification purposes.

All in all, the ID Theft Task Force's final report and appendices reflect a comprehensive, thoughtful compilation of steps that security industry professionals, high-level government information technology officials, state and county policymakers, agency representatives, and private sector representatives agreed were the appropriate steps for Hawaii government agencies to use in safeguarding against unauthorized use or abuse of personal information in government records.

Your Committees have heard a number of concerns raised about this measure, ranging from the inadequacy of resources and the best place to house a security entity to the consequences for private sector businesses that use personal information in a legitimate manner.

Your Committees believe that some of these concerns, such as the consequences for private sector businesses needing to access personal information for legitimate credit evaluation purposes, have been partly addressed in the Task Force's recommendations.

For example, through the development of plans to protect and redact personal information, specifically social security numbers, in existing hardcopy records prior to allowing the documents to be publicly inspected (Section 10, Part VI of this measure), specific conditions could be established to allow third-party private sector businesses to obtain access to personal information for legitimate credit evaluation purposes. These safeguards could mirror the types of safeguards required to be adopted by agencies that contract with external parties for support services (Section 9, Part V of this measure).

With respect to other concerns identified by the University of Hawai'i System, your Committees agree that further work is needed between the ID Theft Task Force consultant, user agencies, and policymakers to craft a reasonable means to accomplish the personal information safeguards developed by the Task Force. For example, if the collection and use of social security numbers for purposes other than required by state or federal law is the only means of verifying students' or employees' identities for purposes that are allowed by federal law (e.g., student loans and scholarships, employee benefits, etc.), your Committees believe additional time is needed to fine-tune this requirement and other requirements such as development of an annual report of personal information systems, establishment of Chief Privacy Officer positions to assist agencies in meeting their responsibilities under the measure, and modifications to the functions of the information privacy and security council.

Your Committees believe these concerns should be reviewed, and urge the various parties to work together to craft legislation that will provide the highest level of security for Hawaii residents.

Your Committees have amended this measure by:

- (1) Moving the Information Privacy and Security Council from the Department of Commerce and Consumer Affairs to the Department of the Attorney General, and amending the appropriation to reflect the change in the expending agency;
- (2) Changing the effective date of certain sections of the measure from 2008 to 2025, for the purposes of further discussion; and
- (3) Making numerous technical amendments for the purposes of conformity and clarity.

As affirmed by the records of votes of the members of your Committees on Economic Development and Taxation and Judiciary and Labor 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 Chairs on behalf of the Committees. Ayes, 7. Noes, none. Excused, 4 (Baker, English, Hee, Kokubun).

SCRep. 2389 Economic Development and Taxation on S.B. No. 304

The purpose of this measure is to appropriate \$810,000 for fiscal year 2008-2009 to meet the shortfall in funding for the operations of the Honolulu Symphony and its programs.

Testimony in support of this measure was received from the Honolulu Symphony and two of its board members; the Hawaii Opera Theatre; the Honolulu Symphony Chorus; Ellen Masaki School of Music; Punahou Music School; the Windward Arts Council; Nedra Chung Realty, Inc.; and twenty eight individuals, including musicians and music teachers. The Department of Accounting and General Services testified in opposition. The Department of Budget and Finance and the State Foundation on Culture and the Arts submitted comments.

Your Committee finds that Act 97, Session Laws of Hawaii 2006, and Act 156, Session Laws of Hawaii 2007, provided public support for the Honolulu Symphony by appropriating \$4,000,000 to the State of Hawaii Endowment Fund, from which the income and capital gains earned from that public investment are to be used by the Symphony; provided that the funds are matched by private funds

or pledges. Your Committee has been informed that these funds were released in December 2006, with a clarification by the Department of Budget and Finance and the Attorney General that the money must be matched dollar-for-dollar by private funds.

Your Committee has further heard that a meeting was recently held with the Administration and the Honolulu Symphony to clarify the requirements and that all parties are in agreement on what needs to be done to expedite the transfer of funds.

Your Committee notes that resolution of the use of the state appropriation for the endowment corpus and matching pledge amounts has taken two years and three legislative sessions. It is also a period when the Honolulu Symphony has experienced devastating shortfalls in funding. In addition, clarification of the requirements was the purpose of Act 156, which was signed into law by the Governor on June 8, 2007. Your Committee would be interested in learning why an additional eight months were needed to clarify the clarification, and further deprive the Honolulu Symphony of potential – and much needed – revenues earned by the fund.

Your Committee sincerely hopes this can be resolved quickly, to assist the Symphony in meeting the payroll obligations to its musicians and to provide fiscal support for its administration and programs, including marketing, communications, and youth education.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 304, S.D. 1, and recommends that it be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Ayes with Reservations, 1 (Slom). Noes, none. Excused, 1 (English).

SCRep. 2390 (Joint) Education, Intergovernmental and Military Affairs and Judiciary and Labor on S.B. No. 2877

The purpose of this measure is to enact the Interstate Compact on Educational Opportunity for Military Children to remove barriers to educational success imposed on children of military families.

Testimony in support of the measure was submitted by the Office of the Governor, the Department of Defense, The Chamber of Commerce of Hawaii Military Affairs Council, the Department of Defense State Liaison Office, and one individual. Testimony in opposition of the measure was submitted by two individuals. Comments on the measure were also submitted by the Department of Education.

Your Committees find that changing schools can be an enormous ordeal for military families and military children. Education curriculum and education requirements can vary tremendously between states, school districts, and even schools. Your Committees further find that twenty-five states, including Hawaii, are or will be considering legislation for the enactment of the Interstate Compact on Educational Opportunity for Military Children this year. Interstate compacts are intended to facilitate a more uniformed approach between states on specific local and state issues. An interstate compact will become effective upon adoption by ten or more states. This measure establishes Hawaii's participation in the Interstate Compact on Educational Opportunity for Military Children, which focuses on providing stability and continuity for military children transferring between school districts and states.

Your Committees determine that adoption of the Interstate Compact on Educational Opportunity for Military Children may be premature at this time, as thorough analyses of the Compact as well as the Department of Education's current practices have not been completed. Testimony provided indicates that the Department of Education has endeavored to address or resolve concerns and issues at the school or district level regarding military children. Your Committees believe that it would be prudent to examine the Department of Education's efforts in conjunction with the provisions of the Interstate Compact on Educational Opportunity for Military Children to determine the appropriate approach for the State.

Accordingly, your Committees have amended this measure by:

- (1) Deleting its contents implementing the Interstate Compact on Educational Opportunity for Military Children; and
- (2) Replacing its contents with language that establishes a Task Force on the Interstate Compact on Educational Opportunity for Military Children to examine the Compact and the Department of Education's practices to determine the appropriate action for the State.

As affirmed by the records of votes of the members of your Committees on Education, Intergovernmental and Military Affairs, and Judiciary and Labor that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2877, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2877, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 9. Noes, none. Excused, 3 (Hee, Kokubun, Tsutsui).

SCRep. 2391 (Joint) Education and Energy and Environment on S.B. No. 2774

The purpose of this measure is to establish a task force within the Department of Education to conduct an analysis into the creation of a comprehensive school recycling program and appropriates funds therefor.

Testimony in support of the measure was submitted by six students. Testimony in opposition of the measure was submitted by the Department of Education.

Your Committees find that environmental issues are at the forefront of our global community. In Hawaii, landfill overflow is a problem for every county, and, as a result, every citizen. All individuals need to make efforts to reduce our carbon footprints, and the State can take a proactive approach to setting an example for private businesses and residents throughout the State. Your Committees find that the State and the counties have undertaken various initiatives and projects addressing these concerns, including but not limited to the institution of recycling through the Deposit Beverage Container Program and curbside recycling.

Your Committees find that public schools in Hawaii produce an estimated one-half-pound of waste per student per school day. The reduction of such waste can make a difference. This measure establishes a task force to evaluate available options for developing a recycling program in the public schools. Your Committees determine that the establishment of a statewide recycling program for public schools would help to reduce the waste produced, provide a savings to the State, help the environment, as well as teach our students a valuable lesson in responsible citizenship.

Your Committees are mindful of the Department of Education's concerns regarding maintaining focus on issues and priorities of the Department and the public school system. The University of Hawaii, College of Social Services Public Policy Center has indicated a commitment to exploring this issue and providing necessary support, regardless of funding, to help in establishing recycling programs in public schools. Additionally, your Committees believe that student representation is essential to the development of a recycling program in which students will be able and enthusiastic to participate.

Accordingly, your Committees have amended the measure by:

- (1) Specifying that the task force's comprehensive evaluation of the recycling options available to schools include examination of the use of reverse vending machines and the feasibility of providing recycling bins in public schools;
- (2) Moving the task force from the Department of Education to the University of Hawaii at Manoa, College of Social Sciences Public Policy Center;
- (3) Authorizing the Dean of the College of Social Sciences to appoint task force members based on lists of candidates submitted by the Department of Education, the Board of Education, and the Hawaii State Student Council, with at least two members being students; and
- (4) Making technical, nonsubstantive changes for purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Education and Energy and Environment that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2774, as amended herein, and recommend 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 Chairs on behalf of the Committees. Ayes, 9. Noes, none. Excused, 4 (Hee, Ihara, Taniguchi, Slom).

SCRep. 2392 (Majority) Economic Development and Taxation on S.B. No. 3115

The purpose of this measure is to provide the Department of Taxation with the authority to require, by rule, electronic filing of tax returns and electronic payment of taxes owed for taxpayers whose tax liability is \$100,000 or less for any one taxable year.

Testimony in support of this measure was submitted by the Department of Taxation (Department). Comments on the measure were submitted by the Tax Foundation of Hawaii.

Your Committee finds that electronic and computer-based interactions between government agencies, businesses, and individuals are on the rise. Your Committee agrees with the Department of Taxation that the combined use of a revenue-generating, benefits-funded integrated tax services and management system with the authorization to pursue electronic tax filing is a practical means of improving taxpayer services and reducing the Department's operating costs. An April 2007 Council of State Governments study entitled "Acceptance and Use of Electronic Payments for State Taxes and Fees" made the following findings:

- (1) Citizens will take advantage of electronic payment options if state government agencies accept electronic payments and establish policies and procedures which encourage and facilitate such payments. They appreciate the convenience, flexibility (including credit card payments to meet timelines of tax payments), security and efficiency of these payment options.
- (2) There are major financial management benefits for states associated with accepting electronic payments, including reducing processing costs, accelerating funds availability and reducing delinquent payments.
- (3) A potential barrier to expansion of electronic payments is managing the transactions costs associated with such payments (e.g., convenience fees or surcharges).

The Council of State Governments study identified six basic policies and "best practices" for states to utilize. They include:

- (1) Marketing the credit and/or debit card payment option and educating citizens and taxpayers on the availability of these payment options;
- (2) Refraining from charging convenience fees or surcharges that may detract from the use of credit or debit cards;
- (3) Using a third party service provider and contracting with one primary service provider for all agencies;
- (4) Maintaining a standardized payment processing system or platform across all agencies;
- (5) Providing citizens and taxpayers with the option to pay online using credit or debit cards; and
- (6) Making credit and debit card payment options available across a variety of taxes and fees.

In 2006, the Department collected \$4,400,000,000 in taxes, with almost \$2,500,000,000 generated through the general excise tax, and \$1,600,000,000 billion generated through individual income taxes. At that time, the Department processed seventy-three per cent of all individual tax returns manually, with ninety-six per cent of all business returns requiring manual processing of paper forms and payments. During the tax season, it is not uncommon for the Department to receive a ton of mail — requiring manual opening, sorting, processing, scanning and payment processing — per day. Your Committee has therefore determined that authorizing the Department to pursue a combination of benefits-funded Integrated Tax Information Management Systems software upgrades that shift the Department's tax collections into an electronic payment model, and removing the perceived impediment of the \$2.50 convenience fee

imposed by the eHawaii.gov portal, will give the Department the tools it needs to achieve the kind of twenty-first century taxpayer services its employees are committed to provide.

To that end, this measure has been amended to include an early trigger date requirement for the Department to enter into an Integrated Tax Information Management Systems software upgrade contract because the appropriations authorized in the measure are intended to be reimbursed to the general fund prior to the close of the next fiscal year. Providing individual and business taxpayers with a means of filing their tax information electronically would result in an efficient, timely, and effective means of carrying out the various tax obligations of taxpayers under the law.

Accordingly, your Committee has amended this measure by:

- (1) Establishing an Integrated Tax Services and Management Special Revenue Fund;
- (2) Appropriating funds in an unspecified amount to improve the tax collection capabilities of the Department of Taxation and to also enable the integrated tax services and management system to be implemented on a wide-spread basis for the next three to five years;
- (3) Requiring electronic filing to be a free service for businesses and individual taxpayers;
- (4) Permitting the Department of Taxation to adopt rules pursuant to chapter 91, Hawaii Revised Statutes, to implement electronic filings;
- (5) Creating an annual appropriation to assist the Department of Taxation in upgrading its operations, workforce, or the skills of its employees; and
- (6) 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 and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3115, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3115, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, 1 (Slom). Excused, 1 (English).

SCRep. 2393 (Joint) Judiciary and Labor and Human Services and Public Housing on S.B. No. 2977

The purpose of this measure is to assist the child support enforcement agency to implement federally mandated requirements and streamline the child enforcement process in the State.

Specifically, this measure:

- (1) Clarifies the requirement for notice to custodial parents regarding state income tax refund setoffs;
- (2) Creates an assistant administrator position for policy and planning;
- (3) Clarifies that parties have thirty days to request an administrative hearing for modification;
- (4) Enables the child support enforcement agency to:
 - (A) Request an administrative hearing; and
 - (B) Sign proposed administrative orders when no request for an administrative hearing is received; and
- (5) Transfer two full-time equivalent positions performing similar functions from the county of Kauai to the Department of the Attorney General.

Your Committee received testimony in support of this measure from the Attorney General.

Upon further consideration, your Committee has amended this measure to facilitate the transfer of the personnel from the county of Kauai by specifying October 1, 2008 as the effective date of the transfer and made conforming amendments to reflect this transfer date with respect to the transfer of appropriations, records, files, etc. from the family support division of the county of Kauai to the Department of the Attorney General. Your Committee has also made technical nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Judiciary and Labor and Human Services and Public Housing that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2977, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2977, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 7. Noes, none. Excused, 4 (Hee, Hooser, Kokubun, Sakamoto).

SCRep. 2394 Judiciary and Labor on S.B. No. 2715

The purpose of this measure is to clarify the compensation rates for court-appointed attorneys and guardians ad litem in Family Court.

Specifically, this measure replaces the terms "legal services" and "non-legal services" with "in court services" and "out-of-court services". This measure also stipulates that only an attorney licensed to practice in Hawaii may receive the \$90 an hour compensation for in court services and \$60 an hour compensation for out-of-court services by an attorney licensed to practice in Hawaii and all services provided by a person who is not an attorney licensed to practice in Hawaii whether performed in court or out-of-court.

Your Committee received testimony in support of this measure from the Judiciary.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2715 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Kokubun, Nishihara).

SCRep. 2395 Judiciary and Labor on S.B. No. 2818

The purpose of this measure is to continue the work of the Hawaii Anti-Trafficking Task Force until June 30, 2010.

This measure would also:

- (1) Add members to the Task Force;
- (2) Require the Task Force to provide a final report to the Legislature for the regular session of 2010; and
- (3) Appropriate funds for the travel and clerical expenses of the Task Force.

Your Committee received testimony in support of this measure from the Department of the Attorney General, the Crime Victim Compensation Commission, the Department of the Prosecuting Attorney of the City and County of Honolulu, the Domestic Violence Action Center, and a concerned citizen.

Your Committee has amended this measure by:

- (1) Adding the state Public Defender as a member of the Task Force;
- (2) Deleting Sisters Offering Support from the Task Force as that organization no longer exists;
- (3) Amending the reference to the Domestic Violence Clearinghouse and Legal Hotline to the Domestic Violence Action Center to reflect a recent name change;
- (4) Adding a proviso to the effective date section of the bill to ensure that the date on which the Task Force was originally scheduled to cease existence is amended prior to the arrival of that original date; and
- (5) Making technical nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2818, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2818, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (Hee).

SCRep. 2396 Judiciary and Labor on S.B. No. 3066

The purpose of this measure is to assist eligible state and county employees in saving for retirement by automatically enrolling new employees in the State of Hawaii Deferred Compensation Plan.

Specifically, this measure would automatically enroll eligible state and county employees hired after July 1, 2009, in the State of Hawaii Deferred Compensation Plan; however, new employees would be able to opt out of participating in the plan within ninety days of their enrollment date. For those employees enrolled in the plan, this measure would deduct one per cent of their gross monthly wages for deposit into a default investment option selected by the Plan's Board of Trustees.

Your Committee received testimony in support of this measure from the Department of Human Resources Development, the Board of Trustees of the State of Hawaii Deferred Compensation Plan, and the Hawaii County Department of Human Resources.

Your Committee finds that relying on retirement income from pension and Social Security benefits alone may not be sufficient to meet the needs of many state and county employees due to increasing inflation. Currently, less than half of state and county employees are enrolled in the State of Hawaii Deferred Compensation Plan, which is offered as a method to save money for retirement and to supplement pension and Social Security benefits. Your Committee finds that automatic enrollment in the State of Hawaii Deferred Compensation Plan would assist eligible state and county employees to take advantage of this benefit and would allow them to save more money for retirement.

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

- (1) Requiring the State of Hawaii Deferred Compensation Plan administrator to conduct educational interviews with new employees to provide information about the Plan;
- (2) Changing the effective date to July 1, 2050, to facilitate further discussion on this issue; and
- (3) Making technical nonsubstantive changes for the purposes of style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor 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 Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2397 Judiciary and Labor on S.B. No. 2562

The purpose of this measure is to authorize permanent absentee voting.

More specifically, the measure allows a registered voter to request permanent absentee voter status, in order to receive an absentee ballot for all subsequent elections conducted in that precinct. The measure also appropriates funds for the implementation and administration of this new program.

Testimony supporting the intent of the measure was received from the Office of Elections.

Your Committee supports the goal of encouraging voter participation, and this measure helps achieve that goal by increasing voter convenience and accessibility for all citizens in the State.

Your Committee has amended this measure to make a technical nonsubstantive amendment for the purpose of clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2562, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2562, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Kokubun, Nishihara).

SCRep. 2398 Judiciary and Labor on S.B. No. 3005

The purpose of this measure is to ensure that the Employees' Retirement System complies with federal tax laws and retains its status as a tax-qualified retirement plan under the Internal Revenue Code that provides favorable tax treatment for employee contributions.

Specifically, this measure repeals provisions in the Hawaii Revised Statutes that provide for optional membership of elective officers in the Employees' Retirement System and for elective officers and judges to withdraw from membership in the employees' retirement system while remaining in office. This measure adds a new section that requires elective officers to exercise a one-time irrevocable election to join the system when they are elected for the first time (or, in the case of existing office holders, by October 1, 2008). The new section also sets forth the requirements that must be satisfied for retirants to return to service as elective officers without suspension of retirement benefits. This measure also repeals the statutory provision that allows elective officers and judges who have reached the statutory cap on retirement benefits to withdraw from membership in the system by nominally retiring even though they remain in office.

Your Committee received testimony in support of this measure from the Department of Budget and Finance and the Employees' Retirement System. The Judiciary submitted comments supporting the intent of the measure.

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

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3005, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3005, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2399 Judiciary and Labor on S.B. No. 3004

The purpose of this measure is to make various amendments to the laws relating to the Employees' Retirement System.

Specifically, this measure:

- (1) Requires employers to transmit payroll and personnel transactions electronically to the Employees' Retirement System;
- (2) Requires direct deposit for certain lump sum refunds;
- (3) Clarifies that contributions for unpaid leaves are required for service credit;
- (4) Increases the annual ceiling on pension benefits to parallel increases in the federal ceiling; and
- (5) Clarifies the basis for calculating the compensation of members on military leave.

Your Committee received testimony in support of this measure from the Department of Budget and Finance and the Employees' Retirement System.

Your Committee finds that this housekeeping measure proposed by the administration clarifies and conforms existing statutes to current practice, and will thereby improve and streamline administrative operations.

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

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor 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 referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2400 (Joint/Majority) Judiciary and Labor and Tourism and Government Operations on S.B. No. 2780

The purpose of this measure is to broaden the definition of "public work" to include a construction contract between private parties that use state or county land for commercial activity.

Your Committees received testimony in opposition to this measure from the Department of Land and Natural Resources, the Department of Labor and Industrial Relations, and the Department of Accounting and General Services.

Your Committees find that this measure will ensure that state wage and hour laws are recognized and enforced in construction projects that involve state or county land.

Your Committees have amended the measure by:

- (1) Limiting the scope of the measure to construction contracts valued at \$500 or more;
- (2) Clarifying that the applicability of the public work law is included in leases or agreements related to the use of state or county land and requiring a copy to be filed with the Department of Accounting and General Services;
- (3) Changing the effective date to July 1, 2050 to allow for continuing discussion on this measure; and
- (4) Making a technical amendment to conform to the amendments.

As affirmed by the records of votes of the members of your Committees on Judiciary and Labor and Tourism and Government Operations that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2780, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2780, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 6. Ayes with Reservations, 2 (Kim, Nishihara). Noes, 2 (Slom, Trimble). Excused, 1 (Hee).

SCRep. 2401 (Joint) Judiciary and Labor and Health on S.B. No. 3228

The purpose of this measure is to adjust the annual pension amounts for retired patient employees of Hansen's disease facilities.

Specifically, this measure seeks to increase the annual pension amounts for retired patient employees, and it also allows the amount of the increase to be paid to the estates of retired patient employees who died after July 1, 2007, but before the increase was received. This measure would take effect retroactive to July 1, 2007.

Your Committee finds that the retired patient employees of the State's Hansen's disease treatment facilities have endured the devastating effects of Hansen's disease and the enforced separation from their families, friends, and communities. Despite this, they have provided valuable services to their immediate communities and to the residents of the State. Your Committee finds that an increase in the amount of their annual pensions would be a fitting symbol of appreciation to these dedicated individuals.

Your Committee received testimony in support of this measure from three concerned individuals.

As affirmed by the records of votes of the members of your Committees on Judiciary and Labor and Health that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3228 and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 7. Noes, none. Excused, 4 (Fukunaga, Hee, Kokubun, Menor).

SCRep. 2402 (Joint) Agriculture and Hawaiian Affairs and Water and Land on S.B. No. 2488

The purpose of this measure is to clarify that the Board of Agriculture shall pay all receipts and revenues received from the operation of an irrigation and water utilization system into the respective special accounts for that irrigation and water utilization system in the Irrigation System Revolving Fund.

Your Committee received comments from the Department of Agriculture.

The intent of this measure is to accurately account for the revenues received from and expended by each irrigation system special account established for an irrigation project.

Your Committees request the Board of Agriculture to provide your Committees, no later than March 31, 2008, a report on an accounting of every "activity code" in its accounting system for moneys received and expended in the past three fiscal years on each irrigation system under the Irrigation System Revolving Fund, as provided under section 168-3, Hawaii Revised Statutes. The report shall include, but not be limited to, the total revenues each irrigation system generates.

Your Committees believe this measure should proceed through the Legislative process while the Legislature awaits a forthcoming Auditor report on the Molokai Irrigation System.

Your Committees have amended this measure by making technical, nonsubstantive amendments.

As affirmed by the records of votes of the members of your Committees on Agriculture and Hawaiian Affairs and Water and Land that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2488, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2488, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 5. Noes, none. Excused, 3 (Fukunaga, Kokubun, Slom).

SCRep. 2403 (Joint) Health and Judiciary and Labor on S.B. No. 2160

The purpose of this measure is to effectuate the recommendations of the task force established pursuant to Senate Concurrent Resolution No. 117, S.D. 1, H.D. 1 (2006), that was requested to analyze the identification, diagnosis, and treatment of persons with mental illness who are committed to the Hawaii State Hospital by the state criminal justice system.

Specifically, this measure:

- (1) Requires the Hawaii State Hospital to produce an annual report on forensic patients;
- (2) Requires yearly court status hearings for individuals ordered to be conditionally released or hospitalized as inpatients by the mental health court;

- (3) Reduces the minimum length of hospitalization from ninety days to thirty days for individuals who are recommitted after conditional release; and
- (4) Makes an appropriation for mental health court operations.

Your Committees received testimony in support of this measure from the Hawaii Government Employees Association and the Hawaii Disability Rights Center. The Department of Health submitted testimony in support of the intent of this measure. The Judiciary submitted comments on this measure.

Your Committees find that the Director of Health does not enjoy the same absolute immunity as judges do from lawsuits for decisions and rules made in their capacity as judges. Authorizing the Director to make rules relating to the application of statutory periods of involuntary inpatient hospitalization opens the Director up to unjustifiable liability, for which the Director's immunity is only qualified.

Accordingly, your Committees have amended this measure by:

- (1) Amending the purpose section to state that the task force was convened by the Governor, not the Department of Health, and the intended purpose of the task force was to evaluate and recommend possible procedural, statutory, and public policy changes to minimize the census at Hawaii State Hospital and promote community based health services for forensic patients;
- (2) Replacing the Hawaii State Hospital with the Department of Health as the agency to submit annual reports to the Legislature summarizing data on forensic patients;
- (3) Removing the rule making authority and reporting requirement of adopted rules from section 2 and section 6 of the measure;
- (4) Replacing the language "subject to conditional release" with "granted conditional release" throughout the measure for the purpose of accuracy;
- (5) Removing the language in section 5 and replacing it with language from S.B. No. 3070 (2008) to provide an alternative to proceeding immediately to a revocation of a person's conditional release;
- (6) Changing the effective date for the purpose of further discussions; and
- (7) Making technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Health and Judiciary and Labor that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2160, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2160, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 8. Ayes with Reservations, 1 (Slom). Noes, none. Excused, 3 (Hee, Kokubun, Menor).

SCRep. 2404 (Joint) Health and Judiciary and Labor on S.B. No. 3081

The purpose of this measure is to require hospitals to participate in a Department of Health electronic health surveillance system.

Your Committees received testimony in support of this measure from the Department of Health and Healthcare Association of Hawaii.

According to the Centers for Disease Control, "syndromic surveillance" applies to surveillance using health-related data that precede diagnosis and signal a sufficient probability of a case or an outbreak to warrant further public health response. Traditional disease surveillance protocols wait for a physician or laboratory diagnosis before alerting public health officials to a potential outbreak. Waiting for a diagnosis can delay the onset of an investigation by several days during which a potential disease host can infect individuals in the public or within a healthcare facility. The goal of a syndromic surveillance system is to detect an outbreak and stop the spread of illness without having to wait for a clinical diagnosis.

This measure requires the Director of Health to develop a syndromic surveillance program with hospital emergency departments in order to detect and investigate public health threats that may result from: (1) an epidemic or infectious, communicable, or other disease; or (2) a terrorist incident using nuclear, biological, or chemical agents.

The intent of this measure is to protect the public health and the safety of the people of Hawaii by providing early warning of potential disease outbreak in Hawaii.

Your Committees have amended this measure by making technical, nonsubstantive amendments.

As affirmed by the records of votes of the members of your Committees on Health and Judiciary and Labor that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3081, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3081, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 10. Noes, none. Excused, 1 (Whalen).

SCRep. 2405 Education on S.B. No. 2167

The purpose of this measure is to reduce the class sizes in public elementary, middle, and high schools and appropriates funds for that purpose.

Testimony in support of the measure was submitted by the Department of Education, the Hawaii State Teachers Association, and sixteen individuals. Testimony in opposition of the measure was submitted by the Department of Budget and Finance.

Your Committee finds that Board of Education Policy No. 2237 states that in order to promote quality instruction and positive student-teacher interaction, the Board is committed to the reduction of class sizes. The necessity of this endeavor is particularly true at the elementary level when the basic tenets of learning are taught. The Board has also determined that reduction in the student to teacher ratio has a positive impact on optimum teaching and learning. Your Committee further finds that, under the current policy, optimum class size for grades kindergarten to three is a twenty-to-one student to teacher ratio and for grades four to twelve is a twenty-six-to-one student to teacher ratio.

This measure requires the Department of Education to reduce class sizes in grades kindergarten to twelve to achieve unspecified ratios based upon grade level. Your Committee determines that class sizes should be reduced to ensure that our students are receiving adequate attention in the classrooms and to maximize the learning experience. However, it is currently unclear what student to teacher ratios are appropriate for each grade level, taking into account not only the students' needs, but also the challenges facing the Department in terms of staffing an adequate number of qualified teacher and staff and balancing the other requirements and funding allocations of the Department. While immediate class size reduction is necessary for certain grade levels, a comprehensive plan determining the best approach for class reductions in the remainder of grade levels is necessary to ensure the provision of quality instruction and positive teacher-student interaction.

Accordingly, your Committee has amended this measure by:

- (1) Removing the requirements that the Department of Education establish unspecified student to teacher ratios for grades kindergarten to twelve;
- (2) Requiring the Department of Education to reduce the student to teacher ratio for junior kindergarten and kindergarten classes to fifteen-to-one beginning with the 2009-2010 school year;
- (3) Requiring the Department of Education to reduce the student to teacher ratio for grade three classes to twenty-two-to-one beginning with the 2008-2009 school year; and
- (4) Requiring the Department of Education to develop a four-year plan for the reduction in class size for public elementary, middle, and high schools for implementation to begin with the 2010-2011 school year, which also provides for reducing the ratio of students to teachers to no more than eighteen-to-one when a secondary teacher new to the system is given a teaching line that includes three or more different courses or one or more courses outside of the new teacher's licensed teaching subject or subjects.

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. 2167, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2167, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 7. Noes, none. Excused, 1 (Chun Oakland).

SCRep. 2406 Agriculture and Hawaiian Affairs on S.B. No. 3156

The purpose of this measure is to establish a drought mitigation tax credit.

The tax credit would be equal to fifty per cent of the costs for construction of a new drought mitigation water storage facility, or repair or reconstruction of an existing water storage facility. The measure also establishes an unspecified cap on the value of the tax credit per taxpayer.

Testimony in support of this measure was submitted by the Hawaii Farm Bureau Federation, Big Island Farm Bureau, Maui County Farm Bureau, and Hawaii Crop Improvement Association. Testimony in support of the intent of this measure was submitted by the Department of Agriculture and the Department of Land and Natural Resources Commission on Water Resource Management. The Department of Taxation and Tax Foundation of Hawaii both submitted comments expressing concern with this measure.

Your Committee finds that farmers and ranchers during periods of drought suffer from crop and livestock losses that often require years to recover. Crop and livestock losses affect not only the income of farmers and ranchers, but also have ancillary economic repercussions for hired workers, agricultural suppliers, and state tax revenues. These losses can be minimized by the construction of water storage facilities to alleviate water problems during times of drought.

This measure has been amended to address the concerns expressed by the Department of Taxation as follows:

- (1) By decreasing the amount of the tax credit to ten per cent of the costs for construction of a new drought mitigation water storage facility, or repair or reconstruction of an existing water storage facility;
- (2) By establishing that no tax credit shall be allowed for that portion of the cost for the construction of a new water storage facility or repair or reconstruction of an existing water storage facility necessary for drought mitigation purposes for which a federal or state grant or subsidy was received; and
- (3) By establishing that if any credit is claimed under this section, then no taxpayer shall claim a credit under any chapter of the Hawaii Revised Statutes for the same qualified costs for which a credit is claimed under this section.

As affirmed by the record of votes of the members of your Committee on Agriculture and Hawaiian Affairs 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 Committees on Economic Development and Taxation and Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2407 (Joint) Energy and Environment and Intergovernmental and Military Affairs on S.B. No. 3139

The purpose of this measure is to appropriate funds for the Hawaii County Economic Opportunity Council to establish a renewable energy project to build components for rechargeable, battery-powered automobiles.

Testimony in support of this measure was submitted by the Hawaii County Economic Opportunity Council.

Your Committees find that the project will create twenty-five new fabricator, assembler, and installer jobs during the first twelve-month period, six administrative staff positions, one plant supervisor position, and an additional twenty-five plant workers by the end of the second year.

Your Committees further find that the Hawaii Economic Opportunity Council's hiring practices will prioritize the hiring of persons who are receiving unemployment benefits and who are work-fare eligible, and therefore this measure supports the State's interest in creating opportunities for the unemployed.

Your Committee has amended this measure by omitting the appropriation amount.

As affirmed by the records of votes of the members of your Committees on Energy and Environment and Intergovernmental and Military Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3139, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3139, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 6. Noes, none. Excused, 2 (Kokubun, Tsutsui).

SCRep. 2408 (Joint) Energy and Environment and Tourism and Government Operations on S.B. No. 2845

The purpose of this measure is to direct the Legislative Reference Bureau to conduct a study to determine the most effective and efficient options for reorganizing the state agencies tasked with issues relating to energy and environmental protection.

Testimony in support of this measure was submitted by Hawaii Renewable Energy Alliance. Testimony in opposition to this measure was submitted by the Director of Business, Economic Development, and Tourism; Director of Health; and Chairperson of the Board of Land and Natural Resources. Comments were submitted by the Chairperson of the Board of Agriculture and the Acting Director of the Legislative Reference Bureau.

Your Committees find that the advancement of a comprehensive long-term energy strategy depends on effectively coordinating the mandates and efforts of key state agencies.

Your Committees further find that it is important to review the administration, responsibilities, and objectives of the key energy related state agencies to avoid redundancy and determine if there are any areas in the administration of long-term energy strategy that need to be addressed.

Your Committees have amended this measure to focus the study on reorganization of state agencies as their responsibilities relate to the State's long-term energy strategy. Specifically, the study would:

- (1) Identify the statutory responsibilities of state agencies that are integral to successfully achieving state energy objectives;
- (2) Identify any duplication or deficiency in these state agencies' responsibilities relating to state energy objectives;
- (3) Research how other states address similar deficiencies in the administration of their energy policies; and
- (4) Make recommendations regarding how the state agencies can be reorganized to advance the long-term energy strategy.

As affirmed by the records of votes of the members of your Committees on Energy and Environment and Tourism and Government Operations that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2845, as amended herein, and recommend 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 Chairs on behalf of the Committees. Ayes, 5. Ayes with Reservations, 1 (Trimble). Noes, none. Excused, 3 (Ihara, Kim, Kokubun).

SCRep. 2409 Energy and Environment on S.B. No. 2842

The purpose of this measure is to:

- (1) Phase out and ban the use of energy-inefficient lighting, especially those products with lead and high mercury content;
- (2) Establish a state lighting efficiency standard for general purpose lights;
- (3) Require the use of ENERGY STAR labeled lamps in agency buildings and facilities; and
- (4) Direct the Department of Health to develop a statewide recycling program for recycling mercury-containing compact fluorescent bulbs.

Testimony in support of this measure was submitted by the Director of Business, Economic Development, and Tourism; Hawaiian Electric Company Inc., and its subsidiaries, Maui Electric Company, and Hawaii Electric Light Company, Inc.; and the Sierra Club. Testimony in opposition to this measure was submitted by the Director of Health. Comments were submitted by the Attorney General, State of Hawaii.

Your Committee finds that by integrating new and evolving technologies in lighting into the State's energy infrastructure, this measure supports Hawaii's energy future and the goal of energy self-sufficiency for the State of Hawaii.

The Sierra Club has suggested to your Committee that the lighting standard provision of this measure should be placed in chapter 196, Hawaii Revised Statutes.

The Attorney General, State of Hawaii has suggested to your Committee that proposed section 342J-B(d), Hawaii Revised Statutes, within the measure contains a flaw which misapplies the intended penalties for violations.

Accordingly, your Committee has amended this measure by:

- (1) Reformatting the structure of the measure by moving the lighting standard provision to chapter 196, Hawaii Revised Statutes;
- (2) Adjusting the application of the penalties to achieve the legislative intent; and
- (3) 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 Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2842, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2842, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Ayes with Reservations, 1 (Trimble). Noes, none. Excused, 1 (Kokubun).

SCRep. 2410 Energy and Environment on S.B. No. 2843

The purpose of this measure is to encourage recycling of electronic devices sold within the State by establishing an electronic device recycling program.

Specifically, this measure establishes a state program for collection, recycling, enforcement, and monitoring of covered electronic devices and establishes program funding through an Electronic Device Recycling Fund.

Testimony in support of this measure was submitted by the City and County of Honolulu Department of Environmental Services; Sierra Club; and Covanta Energy Group. Testimony in opposition to this measure was submitted by the Director of Health. Comments were submitted by the Director of Finance; Philips Electronics; AT&T; and Apple, Inc.

Your Committee finds that this measure will conserve valuable resources, save space in the State's landfills, and prevent the release of toxic substances into the environment by encouraging the recycling of used and discarded electronics.

Your Committee has amended this measure by:

- (1) Clarifying that county authorized waste-to energy facilities are exempt from the disposal ban;
- (2) Including computers in the definition of "covered electronic devices";
- (3) Exempting telephones of any type;
- (4) Including county household collectors in the definition for "covered entity"; and
- (5) 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 Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2843, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2843, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Ayes with Reservations, 1 (Trimble). Noes, none. Excused, 1 (Ihara).

SCRep. 2411 Energy and Environment on S.B. No. 2990

The purpose of this measure is to ensure that more renewable resources will be deployed in energy generation to meet the renewable portfolio standards, gain reductions in greenhouse gas emissions, replace fossil fuel oil, and achieve other economic and environmental benefits.

Specifically, this measure requires the electric utilities to achieve renewable portfolio standards strictly by increased renewable electricity generation, rather than meeting the standards by using renewable displacement or off-set technologies and energy efficiency programs.

Testimony in support of this measure was submitted by the Director of Business, Economic Development, and Tourism; Division of Consumer Advocacy, Department of Commerce and Consumer Affairs; and the Sierra Club Hawai'i Chapter. Testimony in opposition to this measure was submitted by Honolulu Seawater Air Conditioning LLC. Comments were submitted by the Hawaiian Electric Company and its subsidiary utilities, Maui Electric Company and Hawaii Electric Light Company; Hawaii Solar Energy Association; and the Hawaii Renewable Energy Alliance.

Your Committee finds that this measure supports cost-effective, technically feasible renewable energy resources and creates incentive for the further development of renewable energy related technology.

Your Committee further finds that this measure will ultimately diminish Hawaii's dependency on imported fossil fuels, such as petroleum.

Your Committee has heard testimony that the language of the measure:

- (1) Has the effect of removing solar water heating, seawater air-conditioning district cooling systems, and solar air-conditioning from the statutory definition of renewable energy technologies; and

- (2) Leaves many issues unaddressed, including failing to sufficiently define acceptable methods of electricity generation.

Accordingly, your Committee has amended this measure by replacing its contents with provisions that increase the renewable portfolio standard applicable to Hawaii's electric utilities from twenty to thirty per cent of net electricity sales by December 31, 2020.

As affirmed by the record of votes of the members of your Committee on Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2990, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2990, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Affordable Housing.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Kokubun, Trimble).

SCRep. 2412 Judiciary and Labor on S.B. No. 2202

The purpose of this measure is to qualify the office of prosecuting attorney for public campaign financing if the candidate does not exceed the respective campaign expenditure limit.

Your Committee received testimony in support of this measure from the Campaign Spending Commission.

Your Committee finds that this measure reinstates language that was deleted by Act 203, Session Laws of Hawaii 2005, and will be applied retroactively to January 1, 2008.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2202 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (Kokubun).

SCRep. 2413 (Joint/Majority) Judiciary and Labor and Intergovernmental and Military Affairs on S.B. No. 2828

The purpose of this measure is to clarify the use of the Governor's emergency powers.

Specifically, this measure, among other things:

- (1) Clarifies under what circumstances the Governor may suspend laws under the Civil Defense and Emergency Act and requires the Governor to report to the Legislature to authorize the continuance of disaster relief actions provided under such a suspension of laws;
- (2) Establishes that certain provisions of the State's disaster relief chapter are operative and supersede provisions of the Civil Defense and Emergency Act in times when an emergency arises that is not considered a civil defense emergency; and
- (3) Provides that any emergency declarations in force prior to the effective date of the measure to expire at the end of the 2008 Regular Session unless reauthorized by the Legislature.

Your Committees received testimony in support of this measure from the Laborers' Union Local 368. The Department of the State Attorney General submitted testimony with reservations. The Board of Land and Natural Resources, State Department of Defense, and Department of Agriculture submitted testimony in opposition.

Your Committees find that the Governor shall not utilize the power to suspend laws authorized under the Civil Defense and Emergency Act when the State is attacked for purposes of noncivil defense situations unless there is a tangible and measurable threat to the people or environment of the State.

Your Committees further find that certain provisions of the State disaster relief chapter are operative and supersede provisions of the Civil Defense and Emergency Act in times when an emergency arises that is not considered a civil defense emergency.

While departmental testimony indicated opposition to this measure, your Committees are aware of instances in which the Governor seems to have conveniently utilized these emergency powers to circumvent legislative authority. For example, the Governor has issued emergency proclamations to erect structures for the homeless on the Leeward coast of Oahu during the interim of 2006. In her emergency proclamation, the Governor indicated that the emergency proclamation was necessary to protect the environment due to the area populated by the homeless lacking sufficient bathroom facilities. Yet during the 2007 Regular Session of the Legislature, the Governor did not seek legislative approval to continue the services provided under the emergency proclamation. Rather, the Governor waited until after the 2007 Regular Session adjourned, and then extended the term of the original emergency proclamation. While your Committees concur with the intent of the Governor to shelter and provide services to the homeless, your Committees do not concur with the approach the Governor has taken to provide the shelter and services, particularly when the Governor had ample opportunity to collaborate with the Legislature on this important issue.

Your Committees have amended this measure by changing the effective date to July 1, 2050, for purposes of facilitating further discussion.

Your Committees also have amended this measure by making technical, nonsubstantive amendments.

As affirmed by the records of votes of the members of your Committees on Judiciary and Labor and Intergovernmental and Military Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2828, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2828, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 6. Noes, 2 (Hemmings, Sлом). Excused, 1 (Hee).

SCRep. 2414 Judiciary and Labor on S.B. No. 2039

The purpose of this measure is to provide a one-time, lump sum pension bonus for older retirees.

More specifically, the bill provides state and county retirees who are seventy-five years of age and older and have been in retirement for at least twenty years as of June 30, 2008, a lump sum derived by adding up \$1 for every month of every year of credited service.

Testimony in support of this bill was received from the Hawaii Government Employees Association, the Hawaii State Teachers Association, and the Hawaii State Teachers Association – Retired. Testimony opposing the bill was received from the Department of Budget and Finance.

Your Committee recognizes that today's high cost of living presents a challenge for many of our older retirees. This bill would provide some financial relief to and enhance the purchasing power of retirees whose pension is computed from a smaller base as compared with more recent retirees.

Your Committee has amended this measure to make technical nonsubstantive amendments for the purpose of clarity, style and consistency.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2039, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2039, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Ayes with Reservations, 1 (Slom). Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2415 Judiciary and Labor on S.B. No. 3182

The purpose of this measure is to authorize imposition of an extended term of imprisonment on a defendant who commits a felony against a good samaritan who intervenes in the commission of certain felonies and uses justifiable force, contacts proper authorities, or uses other lawful means to render aid to the victim.

Your Committee received testimony in support of this measure from the Department of the Attorney General, the Department of the Prosecuting Attorney of the City and County of Honolulu, the Honolulu Police Department, and a concerned citizen. The State Public Defender submitted testimony in opposition to the measure.

Your Committee has amended this measure by:

- (1) Changing the effective date to October 1, 2080, to facilitate further discussion; and
- (2) Making technical nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor 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 Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (Hee).

SCRep. 2416 (Majority) Judiciary and Labor on S.B. No. 2819

The purpose of this measure is to make an appropriation for civil legal service organizations that provide free or low-cost direct legal services to indigent and low-income residents.

Specifically, this measure appropriates moneys for the provision of free or low-cost civil legal services to indigent and low-income Hawaii residents by the following: Catholic Charities, Domestic Violence Clearinghouse and Legal Hotline, Hawaii Family Law Clinic, Legal Aid Society of Hawaii, Na Loio Immigrant Rights and Public Interest Legal Center, and Volunteer Legal Services of Hawaii. The measure appropriates an unspecified amount of moneys to be expended by the Judiciary.

Your Committee received testimony in support of this measure from the Office of Hawaiian Affairs. The Judiciary supported the intent of the measure, but noted concerns.

Your Committee finds that providing free and low-cost civil legal services to indigent and low-income residents is essential for ensuring access to the legal system for all members of society. However, your Committee is concerned that the appropriation does not meet the requirements of either chapter 42F or 103F, Hawaii Revised Statutes, with respect to the appropriation of public funds to private organizations. Furthermore, your Committee recognizes that expending these moneys through the Judiciary may present the potential for a conflict of interest or the appearance of bias.

Accordingly, upon further consideration, your Committee has amended this measure by:

- (1) Amending section 2 of the bill to appropriate moneys to the Department of Human Services for the purchase of service contracts to provide free or low-cost civil legal services to indigent and low-income residents of the State, consistent with chapter 103F, Hawaii Revised Statutes; and
- (2) Making technical nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2819, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2819, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, 1 (Slom). Excused, 1 (Hee).

SCRep. 2417 Judiciary and Labor on S.B. No. 2218

The purpose of this measure is to require electronic monitoring of persons convicted of violating a domestic abuse temporary restraining order or protective order.

The Hawaii State Coalition Against Domestic Violence and two individuals submitted testimony in support of this measure. The Office of the Public Defender submitted testimony in opposition to this measure. The Judiciary submitted comments.

According to the National Institute of Justice and the Centers for Disease Control and Prevention, one in four women in the United States will experience domestic violence during her lifetime. In 2007, eighty-six per cent of the legal assistance provided in Hawaii was for victims of domestic violence. Many victims of domestic violence obtain a temporary restraining order or protective order against the batterer. While not a panacea, electronic monitoring of violators of temporary restraining orders and protective orders adds an additional measure of protection by alerting a victim if the batterer is within the defined geographic exclusion zone so that the victim may find a safe location.

The Hawaii State Coalition Against Domestic Violence testified to the importance of maintaining the confidentiality of a victim's whereabouts from a batterer and suggested an amendment to ensure that the use of electronic monitoring does not inadvertently alert the batterer of the victim's location.

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

- (1) Clarifying that the court prohibit contact with the protected party through the establishment of court defined geographic zones known to the defendant to avoid inadvertently alerting the batterer of the victim's location;
- (2) Changing the effective date from upon approval to January 1, 2009, to give the public notice of the change in the law; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor 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 Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (Hee).

SCRep. 2418 Judiciary and Labor on S.B. No. 2712

The purpose of this measure is to appropriate funds to finance the Judiciary's supplemental budget.

Your Committee received testimony supporting the measure from the Judiciary. Your Committee also received testimony in opposition to the measure from the legislative director of the Family Law Section of the Hawaii State Bar Association.

Your Committee finds that the Judiciary's supplemental budget request is consistent with the Judiciary's mission to:

- (1) Provide essential services to, and ensure the safety of children, other at-risk family members, and clients;
- (2) Provide necessary treatment and evaluation services to offenders requiring the courts' assistance; and
- (3) Ensure that Judiciary facilities are safe and secure for the public and Judiciary employees.

Your Committee further finds the supplemental budget request for funding of approximately \$7,700,000 for fiscal year 2008-2009 results in a total supplemental general fund budget of just under \$152,000,000, which is more than \$2,000,000 below the Judiciary's general fund appropriation ceiling. However, your Committee finds that further budget savings are warranted and has therefore amended the measure by:

- (1) Reducing operating funds and position counts in Program ID JUD310, JUD320, JUD330, JUD350, and JUD601;
- (2) Reducing the "lump sum CIP for Judiciary facilities, statewide" appropriation of \$2,600,000 for fiscal year 2008-2009 to \$1,500,000; and
- (3) Adjusting other total appropriation amounts accordingly.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor 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 referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Ayes with Reservations, 1 (Slom). Noes, none. Excused, 2 (Kokubun, Nishihara).

SCRep. 2419 Judiciary and Labor on S.B. No. 2538

The purpose of this measure is to increase the workers' compensation fee schedule from one hundred ten to one hundred twenty per cent of the Medicare Resource Based Relative Value Scale applicable to Hawaii, effective January 1, 2009.

Testimony in support of this measure was submitted by the Department of Commerce and Consumer Affairs Insurance Division, Department of Labor and Industrial Relations, Department of Human Resources Development, Hawaii State Chiropractic Association, the Hawaii Chapter of the American Physical Therapy Association, ILWU, and Hawaii Medical Association. The American Insurance Association and Hawaii Insurers Council submitted testimony in opposition.

Your Committee finds that the increase in the workers' compensation fee schedule is necessary to ensure that employees and motor vehicle insurance claimants receive the necessary medical care and services for their injuries.

Your Committee notes that many important issues were raised during the discussion on the measure, including the issue of whether the workers' compensation fee schedule should be separate from the Medicare fee schedule and whether the state workers' compensation reimbursement rates should be modeled after the federal workers' compensation rates.

Your Committee also notes that several of the testifiers indicated that the increase provided for in this measure should be amended to be somewhere between one hundred thirty per cent to one hundred forty per cent.

Your Committee has amended this measure by amending the effective date in order to encourage further discussion on this measure.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2538, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2538, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2420 Judiciary and Labor on S.B. No. 2801

The purpose of this measure is to enable persons to register to vote on election day.

Your Committee received testimony in support of this measure from the Office of Elections, Hawaii Government Employees Association, The League of Women Voters of Hawaii, and an individual.

The Office of the City Clerk for the City and County of Honolulu submitted comments on this measure.

Your Committee finds that this measure removes a barrier to voter registration and has the potential to increase voter participation while establishing reasonable safeguards against fraud and misrepresentation in the election process.

Your Committee has amended this measure to postpone implementation of walk-in voter registration to 2010 to allow the Office of Elections time to prepare for the changes required by this measure.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2801, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2801, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (Kokubun).

SCRep. 2421 (Joint) Water and Land and Energy and Environment on S.B. No. 2638

The purpose of this measure is to appropriate funds for the full-time operation of the Super Sucker in Kaneohe Bay for one year and to fund the acquisition of an additional Junior Super Sucker and its operation for a one year period.

Testimony in support of this measure was submitted by the Office of Hawaiian Affairs, The Nature Conservancy of Hawai'i, the Department of Land and Natural Resources, the Conservation Council for Hawai'i, and two individuals.

Your Committees find that alien algae are overgrowing, killing coral reefs in Hawaii, and threatening the fragile reef ecosystem. Alien algae currently dominate large portions of Kaneohe Bay and Oahu's south shore as well as the south shores of Maui and Molokai.

The Super Sucker was developed by joint effort of the State Division of Aquatic Resources, the University of Hawaii, and The Nature Conservancy in 2005. Over the past two years, the Super Sucker has proved to be an effective tool in removing alien algae from coral reefs in Kaneohe Bay. The Super Sucker operation is conducted by a five-person crew and has been able to remove eight hundred pounds of alien algae in an hour of operation. However, due to funding limitations the Super Sucker has been only operating approximately once a week.

In addition to the Super Sucker, there is also one portable Super Sucker, known as the Junior Super Sucker, currently in operation. The Junior Super Sucker is smaller and more maneuverable than the Super Sucker and is intended to be used in remote locations, such as Maunalua Bay on Oahu, Hilo Bay on Hawaii, and North Kihei on Maui, to address the problem of alien algae.

Your Committees recommend that future committees hearing this measure consider appropriating the amount of \$500,000 for the full-time operation of the Super Sucker in Kaneohe Bay and the amount of \$256,920 for the acquisition and full-time operation of one Junior Super Sucker.

Your Committees have amended this measure by providing an unspecified amount for the appropriation for the operation of the Super Sucker in Kaneohe Bay.

As affirmed by the records of votes of the members of your Committees on Water and Land and Energy and Environment that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2638, as amended herein, and recommend 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 Chairs on behalf of the Committees. Ayes, 7. Ayes with Reservations, 1 (Trimble). Noes, none. Excused, 2 (Fukunaga, Whalen).

SCRep. 2422 (Joint) Water and Land and Intergovernmental and Military Affairs on S.B. No. 2507

The purpose of this measure is to prohibit the exercise of the power of eminent domain to take private property and transfer the property to another private entity for development purposes where the receiving private entity had earlier expressed an interest in developing the condemned property.

Your Committees received testimony in support of this measure from the National Federation of Independent Business. Testimony with suggested revisions was received from the Department of the Corporation Counsel of the City and County of Honolulu. Testimony in opposition was received from Hawaii County Councilmember Bob Jacobson who testified as an individual.

Your Committees find there is overwhelming support in limiting government's authority to acquire private property for the purpose of economic development of another private entity. The taking of private property through the power of eminent domain is for the purpose of public use, such as public roads, public utilities, affordable housing, and community developments.

Your Committees have amended this measure by changing the effective date to July 1, 2050, to continue the discussion in this matter.

As affirmed by the records of votes of the members of your Committees on Water and Land and Intergovernmental and Military Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2507, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2507, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chairs on behalf of the Committees. Ayes, 5. Noes, none. Excused, 3 (Fukunaga, Tsutsui, Whalen).

SCRep. 2423 (Joint) Water and Land and Judiciary and Labor on S.B. No. 2884

The purpose of this measure is to ensure the health, safety, and welfare of the citizens of the State by creating a program for monitoring and enforcing the safety of Hawaii's rainwater retention and detention ponds to prevent drowning.

Your Committees received testimony in support of this measure from fifty-one individuals. Testimony in opposition was received from the Department of Health; The Chamber of Commerce of Hawaii; and Engineering Solutions, Inc. Comments were received from AIA Hawaii State Council and the Coalition of Hawaii Engineering & Architectural Professionals.

Hawaii has had rainwater retention and detention ponds for over a thousand years. The ancient Hawaiians were among the most skilled of civil engineers in their construction of water diversion and retention systems. Over a century of plantation agriculture has left a legacy of useful and attractive artificial pond features. Existing ponds of these types are periodically adjusted by the owner to suit agricultural practices. However, even the federal government does not intend to regulate these types of agricultural features, because farmers have a hard enough time economically to survive and regulatory inspection in remote access areas is difficult. Your Committees note from the testimony that state-of-the-art resort and golf course design has relied heavily on artificial pond features that would become subject to regulation under this measure.

Your Committees find that Hawaii has the highest rate of drowning in the country. An average of thirty Hawaii residents, or 2.4 victims for every one hundred thousand people, drown each year in the State's oceans, lakes, dams and reservoirs, rainwater retention and detention ponds, flood waters, swimming pools, spas, and in private homes. The rate more than doubles when including visitor statistics, making it the nation's riskiest destination in terms of water safety.

Hawaii's keiki are the most vulnerable to drowning, which in this State and nine others, is the leading cause of death among children aged fourteen and younger. Among children under age five, drowning accidents in swimming pools are the leading cause of injury and death. Hawaii's older keiki are more vulnerable to drowning in the ocean, lakes, ponds, dams and reservoirs, rainwater catchments, as well as detention and retention ponds.

The intent of this measure is expressed in the testimony of Pam Ramsay, the grandmother of Charlotte "Sharkey" Schaefer, the five year-old girl who drowned at a Pearl City naval housing complex and after whom this measure is named: "Passing a law that regulates these systems [rainwater detention and retention ponds] and monitors them for safety is necessary to ensure the safety of Hawaii's citizens and to reduce the drowning rate."

Your Committees have amended this measure on the recommendation of the AIA Hawaii State Council by:

- (1) Clarifying the definition of "catchment area pond" to include natural and artificial ponds as determined to be of sufficient depth to be potentially hazardous. The AIA stated that natural ponds can be just as hazardous to unsupervised children;
- (2) Clarifying the definition of "detention pond" to exclude taro, lotus root, or other agricultural pond fields. The AIA stated that regulating agricultural ponds runs counter to promoting agriculture; and
- (3) Excluding golf courses from the requirement of posting warning signs of the danger of drowning and prohibiting entry. The AIA stated that golf courses are designed to be storm water retention areas for resorts and housing developments, so that this measure would require the fencing off of these recreational areas.

Your Committees have also changed the effective date of the measure to July 1, 2050, to continue discussions on this matter, and made technical, nonsubstantive amendments.

As affirmed by the records of votes of the members of your Committees on Water and Land and Judiciary and Labor that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2884, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2884, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 6. Noes, none. Excused, 3 (Fukunaga, Slom, Whalen).

SCRep. 2424 Water and Land on S.B. No. 3211

The purpose of this measure is to appropriate funds to the Department of Land and Natural Resources to construct boat facilities at Keehi Lagoon.

Your Committee received testimony in support of this measure from Honolulu Marine, LLC; the Ocean Tourism Coalition; and three individuals. The Department of Land and Natural Resources submitted testimony with their concerns.

Your Committee finds that the appropriation of these funds is necessary to relocate boat repair facilities and for the plans and construction of the pier, bulkhead, and other boat facilities at Keehi Lagoon.

As affirmed by the record of votes of the members of your Committee on Water and Land 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 Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Fukunaga, Kokubun).

SCRep. 2425 Water and Land on S.B. No. 3206

The purpose of this measure is to establish the Kawai Nui Marsh Advisory Council to ensure continued community participation in the preservation, protection, and future vision for Kawai Nui Marsh.

Testimony in support of this measure was submitted by the City and County of Honolulu, Department of Facility Maintenance; Office of Hawaiian Affairs; Department of Land and Natural Resources; 'Ahahui Malama I Ka Lokahi; and Windward Ahupua'a Alliance. Testimony in opposition to this measure was submitted by Hawaii's Thousand Friends, Hawaii Audubon Society, and Kawai Nui Heritage Foundation.

Your Committee finds that Kawai Nui Marsh, encompassing approximately eight hundred thirty acres of land in Kailua, Oahu, is the State's largest remaining wetland and an ecological and cultural treasure. It has been identified by the United States Fish and Wildlife Service as a primary habitat for endemic and endangered native Hawaiian birds such as the 'alae ke'oke'o, 'alae 'ula, ae'o, and koloa maoli. In 2005, the Ramsar Convention on Wetlands designated Kawai Nui Marsh a wetland of international importance in part due to the wetlands relationship to surrounding cultural sites.

Act 314, Session Laws of Hawaii 1990 (Act 314), directed the transfer to the State of that certain parcel owned by the City and County of Honolulu and bearing tax map key number 4-2-16:1, which encompasses the bulk of Kawai Nui Marsh. The parties were unsuccessful in completing the transfer. Since the passage of Act 314, the health of the marsh has declined significantly despite the advocacy and restoration efforts of community groups such as 'Ahahui Malama I Ka Lokahi, Hawaii's Thousand Friends, the Kailua Hawaiian Civic Club, Kailua Historical Society, Kawai Nui Heritage Foundation, and the Windward Ahupua'a Alliance.

Your Committee recommends the creation of the Kawai Nui Marsh Advisory Council to ensure continued community participation in the preservation, protection, and future vision for Kawai Nui Marsh. The Council is to be made up of representatives of community and conservation groups and government entities.

Accordingly, your Committee has amended this measure by:

- (1) Changing its memberships by:
 - (A) Replacing the representative of Kawai Nui Marsh Heritage Foundation with a representative of 'Ahahui Malama I Ka Lokahi;
 - (B) Adding 'Ahahui Malama I Ka Lokahi as an appointing agency, together with the Kailua Hawaiian Civic Club, of cultural representatives;
 - (C) Adding a representative of the United States Fish and Wildlife Service as an ex-officio member;
 - (D) Adding the Administrator of the Department of Land and Natural Resources Division of State Parks as an ex-officio member; and
 - (E) Adding a student representative from a Kailua area school as an ex officio member; and
- (2) Adding the duty of the Council to revise the 1994 Kawai Nui Marsh Master Plan.

As affirmed by the record of votes of the members of your Committee on Water and Land 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 Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Fukunaga).

SCRep. 2426 Water and Land on S.B. No. 3102

The purpose of this measure is to allow public and private moneys to be deposited into the Land Conservation Fund (Fund) and distributed as grants for acquisition of land having value as a resource to the State, and to allow moneys from the Fund to be used for the operation, maintenance, and management of the acquired lands.

Testimony in support of this measure was submitted by the Chairperson of the Board of Land and Natural Resources, Office of Hawaiian Affairs, and The Nature Conservancy. Testimony in opposition to this measure was submitted by The Trust for Public Land.

Your Committee finds that this measure will provide greater protection of lands having value as a resource to the people of the State of Hawaii. This includes, for example, protecting, maintaining, and restoring resources at risk, providing for greater public access to and enjoyment of the lands, and making needed improvements to protect native species and prevent soil erosion.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 2050, in order to allow for further discussion and consideration; and
- (2) 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 Water and Land that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3102, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3102, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Ayes with Reservations, 1 (Tokuda). Noes, none. Excused, 2 (Fukunaga, Kokubun).

SCRep. 2427 Water and Land on S.B. No. 3221

The purpose of this measure is to appropriate funds for the Board of Land and Natural Resources to acquire the land commonly referred to as the Coco Palms Resort located on the east side of Kauai, Hawaii.

Your Committee received testimony in support of this measure from the Department of Land and Natural Resources, Office of Hawaiian Affairs, Council for Native Hawaiian Advancement, Kauai Planning and Action Alliance, Kilauea Neighborhood Association, Kauai Public Land Trust, Wailua-Kapaa Neighborhood Association, Trust for Public Land, and over sixty individuals.

Your Committee finds the Coco Palms Resort location in Wailua on Kauai's eastern shore is of historical importance. The resort is the ancestral home of Kauai's alii (royalty). Since the thirteenth century, the area around the mouth of the Wailua river was an important royal center where high chiefs and chiefesses conducted business and entertained visitors. The area includes a group of sites now designated as the national historic landmark known as the Wailua Complex of Heiau. Within this complex are some of the oldest heiau, which is a place of refuge and birthing of chiefs, in Kauai.

The Coco Palms Resort site currently contains approximately 12.63 acres zoned RR-20 (resort) and 19.29 acres zoned open, and includes adjacent lands owned by the State and leased by the Coco Palms Resort owners. The latter includes the historic coconut grove, the former tennis courts, and a small segment at the entry to the property. Mauka of the property is conservation land which extends back into the valley and consists of extensive wetlands.

Your Committee finds that recently, the cancellation of development plans caused by a real estate market downturn combined with many development challenges, resulted in the property being placed back on the market. Proposed residential development of Department of Hawaiian Home Lands' property in the immediate area has created additional interest in converting the Coco Palms Resort property to a public, historical, and cultural preserve.

Your Committee understands that the acquired lands are to be utilized as a public resource and a public or nonprofit entity shall be selected to manage and operate a public historical park and cultural education center that would serve to preserve and benefit the native Hawaiian culture. In this regard, the Board of Land and Natural Resources must communicate with and seek partnerships to support the purchase and operations by entering into discussions with major public and private nonprofit organizations. Working in conjunction with these organizations the Board must also conduct community outreach meetings designed to ascertain community needs and desires in regard to the project. To this end, citizens advisory group must also be established, composed of native Hawaiian practitioners familiar with the history of the area, residents of the Wailua and Kapaa area, those residents who have historically been associated with the Coco Palms Resort as former employees, and Kauai state legislators. This advisory group will be responsible for developing recommendations on the long-term vision, goals, operational nature, and scope of a community-based, Hawaiian-centered, public historical park and cultural education center facility.

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

As affirmed by the record of votes of the members of your Committee on Water and Land 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 Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Fukunaga).

SCRep. 2428 Water and Land on S.B. No. 3225

The purpose of this measure is to impose bag limits on certain ornamental fish and prohibit the taking of specified ornamental fish.

Testimony in support of this measure was submitted by Snorkel Bob's, Kihei Community Association, Scuba Gods, Ocean Planet Images, Save Our Seas, Zeroimpact Productions, Office of Hawaiian Affairs, Marine Conservation Biology Institute of Hawaii, Extended Horizons Scuba, North Shore Explorers, Maui Dive Shop, Kapalua Dive Company, Office of the Mayor, County of Maui, Environmental Coordinator of the County of Maui, Sierra Club of Hawai'i, Pacific Fisheries Coalition, Oceanic Institute, Maui Nui Marine Resource Council, Ocean Tourism Coalition, Hui Malama O Pupuokea-Waimea, Department of Land and Natural Resources, Ko'olaupoko Hawaiian Civic Club, and one hundred twenty-eight individuals. Testimony in opposition to this measure was submitted by the Hawai'i Tropical Fish Association, Kamihata Fish Industries, Ltd., Pets Pacifica, Inc., Global Aquatics Importers, Inc., Salty Waters, Tropiquarium, Catholic Charities of Hawai'i, Hawaii Tropical Fish Company, Fishy Business, Wayne's Ocean World, Coral Fish Hawaii, Hawaiian Sea Life, and twenty-two individuals.

Your Committee finds that it is necessary to protect Hawaii's limited natural resources, including its reef fish. The creation of the West Hawaii Fisheries Management Area has resulted in marked increases in the reef fish population. The Department of Land and Natural Resources suggested using the West Hawaii Fisheries Management Area as a model to address the concerns of the supporters and opponents of this measure.

Accordingly, your Committee has amended this measure by adopting the recommendations of the Department of Land and Natural Resources, by:

- (1) Replacing its contents;
- (2) Providing for the creation of fishery management areas on the islands of Oahu and Maui;

- (3) Granting the Department of Land and Natural Resources the authority to establish fishery management areas on other islands as warranted; and
- (4) Requiring that the Office of the Mayors of Maui County and the City and County of Honolulu be consulted regarding the creation of the Fishing Management Area in their respective counties due to the strong interest shown by the current Mayor and Environmental Coordinator for the County of Maui.

Your Committee has also made technical nonsubstantive amendments to reflect preferred drafting style.

Your Committee requests the Department of Land and Natural Resources to consult with interested members of the community, specifically including the mayor of each respective county, prior to establishing the Oahu or Maui fishery management areas.

As affirmed by the record of votes of the members of your Committee on Water and Land that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3225, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3225, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Fukunaga, Whalen).

SCRep. 2429 Water and Land on S.B. No. 3137

The purpose of this measure is to make an appropriation to the Department of Land and Natural Resources for the purpose of monitoring akule fish from Pearl Harbor to Ka'ena Point.

Testimony in support of this measure was submitted by eight individuals. The Department of Land and Natural Resources submitted testimony in support of this measure.

At the request of your Committee, the Department of Land and Natural Resources, Division of Aquatic Resources submitted proposed language to clarify the purpose of the appropriation.

Your Committee has amended this measure by including the language proposed by the Department of Land and Natural Resources, Division of Aquatic Resources, regarding the catch grids that will be monitored.

As affirmed by the record of votes of the members of your Committee on Water and Land 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 referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Fukunaga, Kokubun).

SCRep. 2430 Water and Land on S.B. No. 2423

The original purpose of this measure was to direct the Department of Land and Natural Resources to acquire lands situated in Central Oahu owned by the Galbraith Estate.

Prior to the public hearing on this measure and in compliance with Senate Rules, your Committee distributed a proposed draft of the measure, the purpose of which is to direct the Department of Land and Natural Resources to acquire the unimproved lands at Kawela Bay on the west side and Kahuku Point on the east side of the Turtle Bay Hotel/Kuilima Resort in Kahuku, Oahu owned by Oaktree Capital, LLC by purchase or exercise of the State's power of eminent domain.

Testimony in support of this proposed draft was submitted by the Office of the Governor, which included proposed amendments; the Trust for Public Land; Sierra Club Hawai'i Chapter; the Surfrider Foundation Oahu Chapter; the Waiahole-Waikane Community Association; the Windward Ahupua'a Alliance; and forty-one individuals. Testimony in opposition to the proposed draft was submitted by Kuilima Resort Company.

Your Committee finds that it is in the public interest to protect and preserve Hawaii's historic and cultural heritage.

Your Committee further finds that it is in the public interest to acquire private lands currently owned by Kuilima Resort Company, Oaktree Capital Management, LLC, and their successors in interest for preservation by purchasing those lands, exercising the State's power of eminent domain to acquire those lands, or by participating in a cooperative agreement to acquire those lands.

Your Committee notes that at the public hearing of the proposed draft, the Governor's Senior Policy Advisor requested that further amendments be made to broaden the description of the property that may be acquired to include the developed portions of the property, removing any reference to a "flipping" transaction, removing time constraints for the completion of the transaction, and by removing reference to any specific dollar amount in the appropriation provisions of the proposed measure.

In an effort to afford the Governor latitude and flexibility to acquire the property, your Committee has amended the proposed draft by removing any restriction against the acquisition of the improved portion of the property to be acquired. However, your Committee expresses strong concern over the State's ability to own and operate a hotel and resort. Your Committee further reemphasizes that the intended purpose of this measure, as amended, is the State's acquisition of the unimproved portions of the property for the purpose of ensuring that the lands remain in their unimproved state for public enjoyment.

Upon review, your Committee did not find any specific reference to a "flipping" transaction in the proposed draft as was referenced by the Governor's Senior Policy Advisor in her testimony.

Your Committee notes that the State's acquisition of the unimproved portions of the property is a time sensitive matter; therefore, if the Governor has not been able to negotiate the purchase of the property in a timely manner, it is the recommendation of your Committee that the State maintain and exercise its power of eminent domain to acquire the unimproved portions of the property makai of Kamehameha Highway. To ensure the availability of this option, your Committee believes it is prudent to keep intact the appropriation provisions in the proposed amendment to this measure.

As affirmed by the record of votes of the members of your Committee on Water and Land 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 Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Ayes with Reservations, 1 (Kokubun). Noes, none. Excused, 1 (Fukunaga).

SCRep. 2431 (Joint/Majority) Water and Land, Agriculture and Hawaiian Affairs and Judiciary and Labor on S.B. No. 2727

The purpose of this measure is to establish the Ha'iku Valley Cultural Preserve Commission which shall have policy and management oversight of the Ha'iku Valley cultural preserve.

Testimony in support of this measure was submitted by the Ko'olaupoko Hawaiian Civic Club, Ko'olau Foundation, O'ahu Council of the Association of Hawaiian Civic Clubs, and sixteen individuals. The Department of Hawaiian Home Lands submitted testimony in support of the intent of the measure with comments. The Board of Land and Natural Resources and Office of Hawaiian Affairs submitted testimony in support of this measure with recommended changes to the measure as drafted.

Your Committees find that Ha'iku Valley on Oahu is of significant cultural and historic importance to the native people of Hawai'i. Ha'iku Valley is renowned for its archaeological and other cultural and historic sites, including lo'i, sacred sites, and burial sites, and for the presence of native and endangered flora and fauna. Preserving the Valley's cultural and historic resources and educating the public about these resources are of paramount importance.

Your Committees further find that ownership of the Valley is segmented among several entities. The Valley's segmented ownership and limited stewardship have placed its cultural and historic resources at high risk. As a result, adequate management of the Valley, and appropriate access to the Valley, have proven elusive.

Your Committees have amended this measure by:

- (1) Clarifying that the member of the commission that is appointed by the Governor from a list submitted by Native Hawaiian organizations is to have a historical relationship with the ahupua'a in which Ha'iku Valley is located;
- (2) Making other technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Water and Land and Agriculture and Hawaiian Affairs and Judiciary and Labor that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2727, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2727, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of, the Committees. Ayes, 7. Ayes with Reservations 1 (Taniguchi). Noes, 1 (Slom). Excused, 2 (Nishihara, Whalen).

SCRep. 2432 Water and Land on S.B. No. 3138

The purpose of this measure is to make an appropriation for the continuing preparation of the baseline environmental study required to establish the boundaries of an ocean recreation management area between Kalaeloa Point and Kaena Point, Oahu.

Your Committee received testimony in support of this measure from five individuals. Comments were received from the Department of Land and Natural Resources.

This measure amends Act 6, Special Session Laws of Hawaii 2005, relating to the Waianae Coast, which among other things, requires the Department of Land and Natural Resources to submit a report on the baseline environmental study to the Legislature for the 2007 Session. The Department submitted a status report for the 2008 Session, which your Committee deems to be an interim report. The Department testified that it anticipates submitting a final report to the Legislature prior to the 2009 Session. This measure amends Act 6 accordingly.

Your Committee has amended this measure by changing the effective date to July 1, 2050, to continue the discussion on this matter.

As affirmed by the record of votes of the members of your Committee on Water and Land that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3138, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3138, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Fukunaga, Kokubun).

SCRep. 2433 Water and Land on S.B. No. 2926

The purpose of this measure is to prohibit operation of a motor vehicle on land governed by chapter 171, Hawaii Revised Statutes, except on roads, trails, or tracks designated or provided by the department for vehicular use. This measure makes violation of the prohibition a petty misdemeanor and imposes mandatory fines.

Testimony in support of this measure was submitted by Windward Ahupua'a Alliance and three individuals. Testimony in opposition to this measure was submitted by two individuals and 4x4boyz.com which attached a petition listing over 400 names of individuals in opposition to this measure.

Your Committee finds that the use and operation of motorcycles, all terrain vehicles, dune buggies, and dirt bikes is prohibited on unencumbered state land, state parks, forest reserves, and public hunting areas. All motorized vehicles are prohibited from operating on beaches, through vegetation, or on any other area that is not a designated roadway. Your Committee has heard testimony that the use and operation of these vehicles has the potential to desecrate sacred burial grounds, further threaten already endangered species, and harm the natural ecosystem on public lands.

Your Committee further finds that several points raised in opposition to this measure warrant further investigation and consideration. The opposition noted, among other things:

- (1) That even without this measure there is limited availability of places for off-road enthusiasts to utilize;
- (2) That there are numerous trails existing on state land that were previously accessible by off-road enthusiasts but are now blocked off by the Department of Land and Natural Resources;
- (3) That the measure is overbroad in scope and would effectively prohibit access to hunting areas which often do not have marked trails;
- (4) That in some cases, the exercise of native gathering rights is only possible by the use of four-wheel drive vehicles; and
- (5) That in their annual report, the Department of Land and Natural Resources admits that it does not spend the proportional amount of federal RTP funds for off-road trails.

Accordingly, your Committee has amended this measure by:

- (1) Amending the effective date to July 1, 2050; and
- (2) 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 Water and Land that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2926, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2926, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 3. Ayes with Reservations 1 (Whalen). Noes, none. Excused, 2 (Fukunaga, Kokubun).

SCRep. 2434 Water and Land on S.B. No. 2421

The purpose of this measure is to appropriate funds for the acquisition of lands in Central Oahu currently owned by the Galbraith Estate.

Testimony in support of this measure was submitted by the Wahiawa Community and Business Association, Hawaii Farm Bureau, and one individual. The Trust for Public Land submitted testimony in support of this measure with reservations. Comments on this measure were submitted by Bank of Hawaii and the Department of Land and Natural Resources.

Your Committee finds that as development pressures and urban sprawl increase on Oahu, our local community has become increasingly concerned about land use, food self-sufficiency and security, natural resource depletion, and economic dependency on imported food and products. The purchase of the George Galbraith Estate lands, comprising approximately two thousand one hundred acres of agricultural lands north of Wahiawa, is intended to be an investment in a sustainable future in agriculture.

As an industry, Hawaii's agricultural activities account for approximately \$2 billion in sales and about five per cent of the State's total employment. While sugar cane and pineapple production has all but ceased, we have seen a tremendous growth in diversified agriculture, including seed crops, coffee, macadamia nuts, fruits, vegetables, flowers, and nursery products. The Galbraith Estate was once productive pineapple lands farmed and harvested by Del Monte. In addition, these lands are also an important recharge area over our drinking water aquifer. Finally, the development of these lands will remove a critical "agricultural buffer zone" or Army Compatible Use Buffer that could restrict the Army's ability to train its troops here on Oahu. In fiscal year 2005, the U.S. Army invested approximately \$1.9 billion directly into Hawaii's economy.

Your Committee further finds that the State of Hawaii is committed to preserving its limited natural resources. Like the military and tourism, agriculture is a pillar of our economy. While we may be reaching the limit on the number of visitors we can reasonably accommodate, the benefits of expanding our agricultural base cannot be disputed. State acquisition of the Galbraith Estate would be an important stimulus of this expansion.

Your Committee further finds that the issue of acquiring the Galbraith Estate lands raises concerns that merit further consideration. Accordingly, your Committee recommends that all methods of financing be considered as this measure moves forward, including but not limited to, authorizing the Agribusiness Development Corporation to purchase and manage the land to ensure continued agricultural use through long-term lease agreements or the State exercising its power of eminent domain to acquire the property.

Accordingly, your Committee has amended this measure by providing that the property may be acquired through outright purchase, cooperative agreement, or exercise of the State's power of eminent domain.

As affirmed by the record of votes of the members of your Committee on Water and Land that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2421, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2421, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Ayes with Reservations 1 (Kokubun). Noes, none. Excused, 1 (Fukunaga).

SCRep. 2435 Water and Land on S.B. No. 2248

The purpose of this measure is to make an appropriation for the Board of Land and Natural Resources to enter into negotiations to acquire land along the Ka 'Iwi coast parts of which are presently proposed to be developed.

Your Committee received testimony in support of this measure from the Board of Land and Natural Resources, The Trust for Public Lands, the Kuli'ou'ou/Kalani Iki Neighborhood Board #2, Aloha 'Aina 'O Kamilo Nui, Livable Hawaii Kai Hui, and thirteen individuals.

Your Committee finds that the lands acquired pursuant to this measure are to be held as resource value lands. The funds necessary for this acquisition shall come from the Land Conservation Fund.

Your Committee has amended this measure by:

- (1) Adding an appropriation of an unspecified sum to augment funding from the Land Conservation Fund;
- (2) Providing that funds utilized from the Land Conservation Fund shall not affect the availability and amount of subsequent grants made from the Land Conservation Fund for other purposes; and
- (3) Providing that funds deposited into the Land Conservation Fund be spent for purposes of this measure by December 31, 2009, or be used by the Legacy Land Conservation Commission for purposes consistent with the Land Conservation Fund.

Your Committee has been informed that the assessed value of the Ka 'Iwi coast land is approximately \$1,000,000. As such, your Committee believes that the addition of the general fund appropriation is a necessary and prudent inclusion so that the balance of the fledgling Land Conservation Fund is not overburdened at this early stage.

As affirmed by the record of votes of the members of your Committee on Water and Land that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2248, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2248, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Fukunaga).

SCRep. 2436 (Majority) Judiciary and Labor on S.B. No. 2145

The purpose of this measure is to require the Governor to release funds appropriated in all measures enacted into law by legislative override of a veto by the Governor within ninety days after the veto is overridden by the Legislature.

The Department of Budget and Finance submitted testimony in opposition to this measure.

Your Committee finds that this measure is a means of ensuring that when a bill containing an appropriation is passed through the Legislature as part of a veto override, the policy considerations of the Legislature are not undermined by the executive branch through the failure of the executive branch to release funds. Your Committee understands the concerns raised by the Department of Budget and Finance, however, your Committee finds that this measure should be passed out to encourage further discussion.

Your Committee has amended this measure by:

- (1) Changing the ninety day requirement for the Governor to release funds to one hundred eighty days; and
- (2) Creating a new section in chapter 37, Hawaii Revised Statutes, rather than amending section 37-74, Hawaii Revised Statutes.

Your Committee extended the time period requirement for the Governor to release funds to address concerns raised by the Department of Budget and Finance that it needs some flexibility to address sudden downturns in the State's revenues.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2145, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2145, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, 1 (Slom). Excused, 2 (Hee, Kokubun).

SCRep. 2437 (Joint/Majority) Judiciary and Labor and Commerce, Consumer Protection and Affordable Housing on S.B. No. 3171

The purpose of this measure is to protect charitable giving by providing oversight for charitable organizations in the State.

Specifically, this measure:

- (1) Requires charitable trusts and nonprofit organizations to register and file annual financial reports with the Attorney General;
- (2) Provides standards for registration of professional fund raising counsel and professional solicitors and registration of charitable trusts and nonprofits;
- (3) Authorizes the Attorney General to investigate possible violations;
- (4) Prohibits contracting with unregistered solicitors;
- (5) Requires submittal of a fee with this annual financial report, based on total revenue of the organization; and
- (6) Appropriates funds to staff additional positions in the Department of the Attorney General.

Your Committees received testimony in support of this measure from the Attorney General and the Children's Alliance of Hawaii. The Domestic Violence Action Center submitted testimony in opposition. The Hawaii Alliance of Nonprofit Organizations and ARC of Maui County offered comments.

Upon further consideration, your Committees have amended this measure by:

- (1) Requiring a charitable organization to file a report not more than eight months, rather than four months, following the close of a charitable organization's fiscal year on or before the date the organization files a Form 990 or 990EZ with the Internal Revenue Service;

- (2) Adding a new section 6 to amend section 467B-8, Hawaii Revised Statutes, and renumbering the remaining sections to provide that information in any registration statement concerning the residential addresses of any officer or director or that identifies a charitable organization's financial or banking accounts shall be confidential under the Uniform Information Practices Act;
- (3) Changing the date on which the new registration requirements are to take effect from January 9, 2009, to January 1, 2009; and
- (4) Making technical nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Judiciary and Labor and Commerce, Consumer Protection, and Affordable Housing that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3171, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3171, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 7. Ayes with Reservations 1 (Slom). Noes, 1 (Trimble). Excused, 3 (Hee, Ige, Sakamoto).

SCRep. 2438 (Joint) Judiciary and Labor and Economic Development and Taxation on S.B. No. 2605

The purpose of this measure is to increase the election fund contribution amount on state income tax returns for campaign spending purposes.

Specifically, the measure increase the income tax check off amount that authorizes a taxpayer's tax liability payment to be deposited into the Hawaii Election Campaign Fund from \$2 to \$5.

Your Committees received testimony in support of this measure from the Campaign Spending Commission, and the Americans for Democratic Action, Hawaii Chapter. The State Department of Taxation took no position on this measure.

Your Committees have amended this measure by changing the amount by which the existing income tax check off is to be increased from \$5 to \$3. Your Committees have also amended the measure by inserting a defective date to promote further discussion.

As affirmed by the records of votes of the members of your Committees on Judiciary and Labor and Economic Development and Taxation that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2605, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2605, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 10. Noes, none. Excused, 1 (English).

SCRep. 2439 Judiciary and Labor on S.B. No. 2961

The purpose of this measure is to appropriate funds to the Department of the Attorney General to satisfy claims against the State or its officers or employees for overpayment of taxes, refunds, reimbursements, payments of judgments or settlements, or for other liabilities.

Testimony in support of this measure was submitted by the Department of the Attorney General.

Your Committee finds that the appropriation of these sums is necessary to satisfy various claims against the State.

Your Committee has amended this measure pursuant to the testimony of the Department of the Attorney General to add appropriations for five additional claims that have been settled or have had a judgment rendered against the State since the introduction of this measure.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2961, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2961, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2440 Judiciary and Labor on S.B. No. 2806

The purpose of this measure is to require the Judiciary to establish a pilot project for the electronic filing of temporary restraining orders and the issuance of temporary restraining orders on nights and weekends.

Your Committee received testimony in support of this measure from the Department of the Attorney General, the Office of Hawaiian Affairs, the Department of the Prosecuting Attorney of the City and County of Honolulu, the Hawaii State Coalition Against Domestic Violence, and a concerned citizen. The Domestic Violence Action Center submitted testimony in opposition. The Judiciary submitted comments.

Your Committee finds that an "E-TRO" program was successfully implemented as a pilot program in New Jersey and recently was expanded statewide. However, there remain a number of obstacles to implementation of a similar program in Hawaii that include ensuring the veracity of allegations, establishing computer inter-connectivity between the police departments and the courts, and providing notice of issuance of a temporary restraining order to the victim and to the police.

Accordingly, your Committee has amended the measure by:

- (1) Authorizing, but not requiring, the Judiciary to establish a pilot program, to consider the New Jersey program and its features, and to submit reports to the Legislature;
- (2) Limiting any pilot program to Family Court proceedings; and
- (3) Changing the effective date of the measure to July 1, 2080, to facilitate further discussion of the issues.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2806, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2806, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, none.

SCRep. 2441 (Majority) Judiciary and Labor on S.B. No. 2262

The purpose of this measure is to make permanent the three-year pilot program to establish an employee organization sponsored trust to provide health benefits for state and county employees of a particular bargaining unit as well as future retirees of that bargaining unit and existing retirees who wish to participate in such a trust.

Specifically, this measure establishes a voluntary employees' beneficiary association trust pursuant to section 501(c)(9) of the Internal Revenue Code of 1986, as amended, to be funded by employer contributions negotiated pursuant to a collective bargaining agreement and employee contributions to be determined by the trust's board of trustees for active employees. The measure also provides for retiree coverage for any employee who retires from the State or the counties who was a member of an employee organization that establishes such a trust pursuant to a collective bargaining agreement effective on or after July 1, 2005.

Your Committee received testimony in support of this measure from the Hawaii State Teachers Association, the Hawaii State Teachers Association-Retired Oahu District, the Administrator of the Hawaii State Teachers Association VEBA Trust, and fifty-nine individual teachers. The Department of Budget and Finance, the Department of Human Resources Development, and the Administrator of the Hawaii Employer-Union Health Benefits Trust Fund submitted testimony in opposition.

Your Committee notes that the Auditor's comprehensive study of the results and impact of Act 245, Session Laws of Hawaii 2005, as requested in Senate Concurrent Resolution 178 (2007), has not been completed and is not available.

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

- (1) Deleting the provision making the voluntary employees' beneficiary association trust a permanent program;
- (2) Extending by two years from July 1, 2009, to July 1, 2011, the repeal date of Act 245, Session Laws of Hawaii 2005, as amended by Act 295, Session Laws of Hawaii 2007, which established the voluntary employees' beneficiary association trust;
- (3) Making conforming amendments throughout the measure to reflect the temporary nature of the program;
- (4) Making technical nonsubstantive amendments for the purposes of clarity, consistency, and style; and
- (5) Changing the effective date to January 1, 2050, for the purpose of stimulating further discussion.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2262, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2262, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, 2 (Kokubun, Slom). Excused, none.

SCRep. 2442 (Joint) Public Safety and Health on S.B. No. 2524

The purpose of this measure is to create separate forensic treatment facilities for the mentally ill in all community correctional centers and to terminate the practice of housing mentally ill prisoners with the general prison population or in solitary confinement.

Testimony in support of this measure was submitted by the Department of Public Safety, the Community Alliance on Prisons, the Hawaii Disability Rights Center, and three individual citizens.

Your Committees find that creating separate facilities to house and provide treatment to mentally ill prisoners is necessary for their safety and well-being.

Your Committees have amended this measure by:

- (1) Changing the appropriation to an unspecified amount; and
- (2) Changing the effective date to July 1, 2025, to facilitate further discussion.

As affirmed by the records of votes of the members of your Committees on Public Safety and Health that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2524, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2524, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 7. Noes, none. Excused, 1 (Nishihara).

SCRep. 2443 Public Safety on S.B. No. 2085

The purpose of this measure is to require minors convicted of murder in the first or second degrees, or sexual assault in the first degree, to be transferred into the custody of the Director of Public Safety upon reaching the age of eighteen.

Testimony in support of this measure was submitted by the Department of Public Safety and two individual citizens. Testimony in strong opposition to this measure was submitted by two individual citizens.

Testimony from the Department of Public Safety indicated that for these transferring offenders, the Hawaii Paroling Authority would be unable to set minimum sentences and hold parole hearings under sections 706-669 and 706-670, Hawaii Revised Statutes, unless the offender was under the jurisdiction of Circuit Court.

Accordingly, your Committee has amended this measure by:

- (1) Clarifying that a minor convicted of any of the foregoing crimes shall be transferred, upon attaining the age of eighteen, not only to the custody of the Department of Public Safety, but to the jurisdiction of the Circuit Court, whereupon minimum-term-of-imprisonment and parole statutes applicable to adults shall apply;
- (2) Clarifying that the Family Court otherwise shall retain jurisdiction over the offender so transferred, under section 571-13, Hawaii Revised Statutes; and
- (3) Deleting language that infers that an offender so transferred shall be imprisoned in the adult correctional facility and shall remain under the jurisdiction of the Family Court until age twenty-six.

As affirmed by the record of votes of the members of your Committee on Public Safety that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2085, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2085, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 1 (Nishihara).

SCRep. 2444 Public Safety on S.B. No. 2554

The purpose of this measure is to make law relating to the use and sale of fireworks.

Specifically, the measure:

- (1) Amends the definition of "display fireworks" to include an additional classification of display fireworks;
- (2) Clarifies that:
 - (A) Removing or extracting pyrotechnic contents from any fireworks; and
 - (B) Throwing ignited fireworks from a moving vehicle;
 shall be illegal regardless of whether a person holds a fireworks permit;
- (3) Requires that a fireworks permit be obtained to set off, ignite, discharge, or otherwise cause to explode fireworks within five hundred feet of a hotel; and
- (4) Prohibits minors from selling fireworks.

Testimony in support of this measure was submitted by the Department of Labor and Industrial Relations, the County of Maui Department of Fire and Public Safety, the County of Kauai Fire Department, and the Legislative Information Services of Hawaii.

Your Committee finds that, generally, it should be unlawful to extract pyrotechnic contents or throw ignited fireworks from a moving vehicle. However, there are certain instances where such activities are warranted. For example, a movie company that is filming a scene involving fireworks used in the manner above would be engaging in unlawful conduct even if they acquired a permit.

Accordingly, your Committee has amended this measure by:

- (1) Keeping the current law regarding general prohibitions on the use of fireworks as it remains to allow certain activities that concern fireworks to be engaged in with a permit; and
- (2) Adding language that makes it unlawful to throw ignited fireworks from or at a moving vehicle or at a person or animal without a permit.

As affirmed by the record of votes of the members of your Committee on Public Safety 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 and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 1 (Nishihara).

SCRep. 2445 (Joint) Transportation and International Affairs and Judiciary and Labor on S.B. No. 3234

The purpose of this measure is to:

- (1) Require installation of an ignition interlock device on the vehicle of a person arrested for driving under the influence, which prevents the person from starting or operating a motor vehicle with more than a minimal alcohol concentration during the period that the person's case is pending and the person's license is revoked pursuant to chapter 291E, Hawaii Revised Statutes;
- (2) Amend various penalties and conditions related to licenses and operating a vehicle under the influence of an intoxicant;
- (3) Provide for certification of devices and vendors and funds installation of devices for the indigent with surcharges on offenders and fees on vendors; and
- (4) Establish the Hawaii Ignition Interlock Implementation Task Force (Task Force) to prepare for implementation and appropriate funds for the task force.

Testimony in support of this measure was received from the Judiciary, the Alliance of Automobile Manufacturers, Mothers Against Drunk Driving (MADD), Anheuser Busch Companies, and one individual. The Department of the Attorney General (AG), Department of Health, Department of Transportation, the Office of the Public Defender, and the Honolulu Police Department submitted comments with recommendations for amendments.

Your Committees find that House Concurrent Resolution No. 28, H.D. 1 (2007), requested the Department of Transportation to establish a working group of appropriate governmental and other community agencies to study the feasibility of requiring the installation of vehicle ignition interlock devices on vehicles of convicted drunk driving offenders, including exploring and

recommending procedures for the introduction of ignition interlock technology to Hawaii. The working group met several times in 2007 and this measure is the result of their efforts to reduce the State's extremely high alcohol-related traffic fatality rate, which was fifty-two per cent in 2006 – the highest in the nation.

Your Committees further find that the ignition interlock provisions of this measure, which take effect July 1, 2010, are a collaborative effort to protect Hawaii's residents and visitors from the devastating effects of drunk drivers.

Your Committees have heard a number of requests for amendments to this measure and have incorporated many of them. Other issues, including the proposal to change the license revocation for a three-time offender from a lifetime revocation to a maximum of ten years, and the five-year "look back period" should be considered further by the Task Force. The AG also raised the issue of amendments to additional sections in the Hawaii Revised Statutes, which may be necessary as a result of the amendments in this measure.

Your Committees have adopted a majority of the recommended amendments, but wish to stress that this measure should be deemed a "work in progress." As it is considered by subsequent committees, further recommendations will arise. In addition, the July 1, 2010, effective date allows the Task Force to consider and resolve these and any other concerns before implementation.

Your Committees have amended this measure by:

- (1) Adding one additional new section to chapter 291E, Hawaii Revised Statutes, to establish standards for certification and monitoring of ignition interlock devices, administered by the Department of Transportation;
- (2) Deleting section 11 of this measure, which amended section 321-161, Hawaii Revised Statutes, to establish standards for certification and monitoring of ignition interlock devices, administered by the Department of Health;
- (3) Adding an amendment to section 287-20(a), Hawaii Revised Statutes, to reference new sections in 291E-61, Hawaii Revised Statutes;
- (4) Correcting a reference to the MADD member on the Task Force; and
- (5) Making technical amendments to conform to the preferred drafting style.

As affirmed by the records of votes of the members of your Committees on Transportation and International Affairs and Judiciary and Labor that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3234, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3234, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 7. Noes, none. Excused, 5 (Hee, Hooser, Inouye, Nishihara, Tstusui).

SCRep. 2446 (Joint) Intergovernmental and Military Affairs and Energy and Environment on S.B. No. 2179

The purpose of this measure is to make an appropriation for the Water Pollution Control Revolving Fund.

Your Committees received testimony in support of this measure from the Mayor of Hawaii, Hawai'i County Council, City and County of Honolulu, Hawaii County Department of Environmental Management, and one Hawai'i County councilmember. Testimony in opposition was received from the Department of Health.

Section 342D-83, Hawaii Revised Statutes, relating to the Water Pollution Control Revolving Fund, was enacted to provide financial assistance to:

- (1) Counties and state agencies to plan, design, and construct publicly owned wastewater treatment works in conformity with federal laws; and
- (2) Eligible parties for projects or activities to implement management programs, and conservation and management plans under federal law.

Your Committees find that the Water Pollution Control Revolving Fund is largely exhausted and needs to be replenished to meet the many needs that exist, particularly the need to replace large-capacity cesspools in accordance with requirements imposed by the federal Environmental Protection Agency.

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

As affirmed by the records of votes of the members of your Committees on Intergovernmental and Military Affairs and Energy and Environment that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2179, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2179, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 6. Ayes with Reservations 1 (Trimble). Noes, none. Excused, 2 (Kokubun, Tsutsui).

SCRep. 2447 (Joint) Intergovernmental and Military Affairs and Health on S.B. No. 2336

The purpose of this measure is to make an appropriation for The Queen's Medical Center to increase the capacity of its emergency power generator system.

Your Committees received testimony in support of this measure from the State Department of Defense and The Queen's Medical Center.

The Queen's Medical Center serves as the main trauma center in the Pacific basin and is the only level II trauma center in Hawaii approved by the American College of Surgeons. A trauma center is specially equipped and staffed to treat patients who have sustained complex, life-threatening injuries such as multiple gunshot wounds or severe internal injuries. A critical component of a fully equipped trauma center is an operating room containing diagnostic equipment and other life-support systems. To support the continuing operation of a trauma center in the middle of a massive disaster, sufficient emergency energy capacity is vital.

The Queen's Medical Center presently has five emergency generators with a total installed capacity of two thousand sixty-seven kilowatts. However, the estimated peak demand in the event of a disaster is six thousand kilowatts. The additional energy capacity needed to accommodate the estimated peak demand will require the installation of four additional generators along with a new storage structure capable of withstanding the wind force of a category five hurricane. The estimated cost of the four additional generators, the storage structure, and related infrastructure is approximately \$35,000,000.

The consequences of insufficient emergency power became evident in the October 2006 Big Island earthquakes when power outages compromised the adequate functioning of the State's main trauma center. Elevators, air conditioning, and the CT and MRI machines became inoperable or unusable. Your Committee believes that this situation is clearly unacceptable in a widespread emergency.

The intent of your Committees is to provide financial support to The Queen's Medical Center to ensure that it remains ready to serve the community in a time of disaster.

As affirmed by the records of votes of the members of your Committees on Intergovernmental and Military Affairs and Health that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2336 and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 6. Noes, none. Excused, 2 (Tsutsui, Whalen).

SCRep. 2448 Agriculture and Hawaiian Affairs on S.B. No. 2584

The purpose of this measure is to support and encourage further growth and productivity of Hawaii's agricultural industry by recognizing honey as an agricultural commodity.

Testimony in support of this measure was submitted by the Department of Agriculture, the Hawaii Farm Bureau Federation, the Hawai'i Beekeepers' Association, the Hawai'i Island Honey Company, and one private individual.

Hawaii's honey bees are a critical part of the agricultural production chain and responsible for the pollination of many crops grown in the State. Furthermore, local beekeepers produce one of the world's highest quality honeys. Your Committee finds that recognizing honey as an agricultural commodity will provide the recognition and support needed to encourage and expand this industry.

Your Committee has amended this measure by:

- (1) Replacing the definition terms for "raw honey" and "unprocessed honey" with "raw unprocessed honey" for the purposes of consistency; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee notes that S.B. No. 2585 also relates to honey and requires grocers to list the country of origin of all honey sold, and establishes penalties for grocers who intentionally sell honey without ensuring that the product is not clearly labeled as to the country of origin. Your Committee notes the concerns raised related to this measure and requests that the Department of Agriculture and the Department of the Attorney General consult with each to determine how grocers could appropriately be required to provide consumers with honey labeled with its country of origin. If the Department of Agriculture and the Department of the Attorney General are able to offer amendments to the measure, your Committee recommends to the Committee on Commerce, Consumer Protection, and Housing that the contents of S.B. No. 2585 and any amendments be incorporated into this measure.

Your Committee believes that this measure, as amended, fulfills the intent of this measure, which is to support and encourage further growth and productivity of Hawaii's agricultural industry.

As affirmed by the record of votes of the members of your Committee on Agriculture and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2584, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2584, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Affordable Housing.

Signed by the Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, none.

SCRep. 2449 (Joint/Majority) Agriculture and Hawaiian Affairs and Water and Land on S.B. No. 2646

The purpose of this measure is to provide incentives and protections to establish and sustain viable agricultural operations on important agricultural lands.

Testimony in support of this measure was submitted by the Building Industry Association, Hawaii Farm Bureau Federation, Maui Land & Pineapple Company, Inc., Hawaii Crop Improvement Association, The Chamber of Commerce of Hawaii, Kauai Kunana Dairy, Alexander & Baldwin, Inc., Maui County Farm Bureau, and Land Use Research Foundation of Hawaii. Testimony in support of the intent of this measure was submitted by the Department of Agriculture, Castle & Cooke Hawaii, and Food Company Hawaii. The Department of Taxation submitted testimony expressing concern with this measure. The Tax Foundation of Hawaii submitted comments regarding this measure. Testimony in opposition to this measure was submitted by the Department of Budget and Finance, Earthjustice, Department of Land and Natural Resources Commission on Water Resource Management, County Council of Maui, Sierra Club Hawaii Chapter, Hawaii's Thousand Friends, Life of the Land, and eleven individuals.

Your Committee finds that it is the long recognized policy of the State to promote agriculture and the conservation of productive agricultural lands in the State. These policies are especially true with regard to important agricultural lands.

Your Committee has amended this measure by:

- (1) Removing Part VII in response to the strong opposition offered at the public hearing of this measure; and
- (2) Making technical, nonsubstantive changes for the purposes of clarity and style.

Your Committee requests that the Land Use Research Foundation of Hawaii, Hawaii Farm Bureau Federation, and the Department of Agriculture meet to discuss issues relating to water which were addressed in the Part VII of the measure which is being removed.

Your Committee further notes that this measure mirrors SB662, SD2, HD2; HB1639, HD2, SD3; and HB902, HD2, SD3 all of which proceeded to conference committee during the 2007 regular session of the Legislature. Your Committee recommends that any committee considering this measure in the future consider installing caps on the loan amounts and tax credits provided for in this measure.

As affirmed by the records of votes of the members of your Committees on Agriculture and Hawaiian Affairs and Water and Land that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2646, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2646, S.D. 1, and be referred to the Committees on Economic Development and Taxation and Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 5. Noes, 1 (Slom). Excused, 2 (English, Gabbard).

SCRep. 2450 (Joint) Agriculture and Hawaiian Affairs and Water and Land on S.B. No. 3210

The purpose of this measure is to establish the State's sole jurisdiction over land in agricultural districts.

Testimony in support of the intent of this measure was submitted by the Hawaii Farm Bureau Federation and the Land Use Research Foundation. Testimony in opposition to this measure was submitted by the County of Hawaii Planning Department; Department of Business, Economic Development and Tourism, Office of Planning; Department of Agriculture; and the City and County of Honolulu Department of Planning and Permitting.

Your Committees find that there is a need to clarify land use policy by establishing clear lines of jurisdiction for agricultural and rural lands. There is also concern over agricultural lands being allowed to be developed in a manner inconsistent with their intended agricultural usage.

By tasking the State with oversight of agricultural lands, similar to the State's protection of conservation land, Hawaii will be living up to its constitutional mandate to support and sustain agriculture as an industry.

Parallel to this, the counties are in a better position to oversee not only urban areas, but rural lands as well. As the important agricultural lands designation process moves forward, additional lands may be reclassified to rural.

Your Committees have amended this measure by:

- (1) Amending the effective date to July 1, 2050, to facilitate further consideration; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Agriculture and Hawaiian Affairs and Water and Land that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3210, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3210, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 5. Noes, none. Excused, 3 (Gabbard, Slom, Whalen).

SCRep. 2451 (Joint) Water and Land and Agriculture and Hawaiian Affairs on S.B. No. 151

The purpose of this measure is to establish a Temporary Advisory Commission on Bioprospecting to address issues relating to bioprospecting.

Testimony in support of this measure was submitted by the Temporary Advisory Commission on Bioprospecting. The University of Hawaii and Hawaii Science & Technology Council submitted testimony in support of the intent of this measure. The Office of Hawaiian Affairs submitted testimony in support of the measure with amendments. Testimony in opposition to this measure was submitted by the Department of Land and Natural Resources, Waikiki Hawaiian Civic Club, and twenty-seven individuals.

Your Committees find that prior to the hearing on this matter a proposed draft of an amended version of this Senate Bill No. 151 was prepared at the request of the Temporary Advisory Commission on Bioprospecting. The proposed amendment would have established a permanent Bioprospecting Advisory Commission within the Department of Land and Natural Resources.

Based upon the amount and nature of testimony submitted in opposition to the proposed amendment, your Committees conclude that further work is necessary to adequately complete the work of the Temporary Advisory Commission on Bioprospecting. Therefore, your Committees have amended this measure by:

- (1) Establishing, by law, the Temporary Advisory Commission on Bioprospecting within the Legislative Reference Bureau;
- (2) Providing that, in addition to the existing members of the Temporary Advisory Commission on Bioprospecting, that four additional members be added as follows:
 - (a) Two members from the native Hawaiian community;

- (b) One member from the biotechnical industry; and
- (c) One member from the University of Hawaii who is conducting research projects primarily related to biotechnical issues;
- (3) Requiring that the Temporary Advisory Commission on Bioprospecting consult stakeholders and conduct community outreach in the preparation of their findings and recommendations;
- (4) Requiring that prior to the preparation of their final report, the Temporary Advisory Commission on Bioprospecting conduct a roundtable to obtain the input of stakeholders and the community. In conducting the roundtable, it is recommended that the Temporary Advisory Commission on Bioprospecting obtain the facilitative services of Alternate Dispute Resolution who, based on its past experience, is qualified to provide such services;
- (5) Providing that the Temporary Advisory Commission on Bioprospecting expire upon adjournment sine die of the 2010 Regular Session of the Legislature; and
- (6) Providing for an appropriation of an unspecified amount for the continued operation of the Temporary Advisory Commission on Bioprospecting for one year.

Your Committees further note that the estimated cost for operating the Temporary Advisory Commission on Bioprospecting for one year is between \$200,000 and \$300,000.

As affirmed by the records of votes of the members of your Committees on Water and Land and Agriculture and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 151, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 151, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 5. Noes, none. Excused, 3 (English, Fukunaga, Whalen).

SCRep. 2452 Water and Land on S.B. No. 2189

The purpose of this measure is to establish the Makua Valley Reserve Commission to oversee preservation and restoration efforts in Makua valley on the island of Oahu.

Testimony in support of this measure was submitted by seven individuals. Testimony in support of the intent of this measure with recommended amendments was submitted by Earthjustice, Office of Hawaiian Affairs, American Friends Service Committee, and one individual. Testimony in opposition to this measure was submitted by the Department of Land and Natural Resources.

Your Committee finds that Makua valley is rich in cultural resources and history. The creation of a Makua Valley Reserve Commission would provide a sensible and sensitive approach preserving the valley's cultural resources and history.

Your Committee has amended this measure by:

- (1) Expanding the commission to ten members and requiring that the membership of the commission include:
 - (A) A member of Hui Malama O Makua;
 - (B) A member of Koa Mana; and
 - (C) A representative of families that were evicted from Makua valley or whose lands in Makua valley were condemned by the federal government.
- (2) 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 Water and Land that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2189, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2189, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Fukunaga, Kokubun).

SCRep. 2453 Commerce, Consumer Protection and Affordable Housing on S.B. No. 2294

The purpose of this measure is to increase reserved housing units in Hawaii by increasing the reserved housing requirement for a planned development on a lot of at least one acre located in the mauka area of the Kakaako Community Development District.

Specifically, this measure:

- (1) Requires that for a planned development on a lot at least one acre located in the mauka area of the Kakaako Community Development District, at least fifty per cent of the floor area is constructed and made available as reserved housing units for low- and moderate-income families even if the developer intends to construct only commercial, industrial, or resort uses on the lot;
- (2) Requires that for a planned development with multi-family dwelling units located in the mauka area of the Kakaako Community Development District on a lot of at least 20,000 square feet, but less than one acre, at least twenty per cent of the units shall be reserved housing units;
- (3) Requires the Hawaii Community Development Authority to adopt and implement rules without regard to the notice and public hearing requirements under chapter 91, Hawaii Revised Statutes, to facilitate the implementation of rules;
- (4) Prohibits the Hawaii Community Development Authority from accepting permit applications for planned developments on lots of at least one acre before the adoption to rules; and

- (5) Allows the present eligibility requirements of a low- or moderate-income family to purchase or rent a reserved housing unit to remain until the requirements are amended by statutes or rule.

Testimony in support of this measure was submitted by Central Pacific Bank; Central Pacific HomeLoans; Marshall Realty, Inc.; and six private individuals. Testimony in opposition to this measure was submitted by the Hawaii Community Development Authority, Kamehameha Schools, and General Growth Properties, Inc.

Affordable housing for the Hawaii residents and the local workforce are in critical short supply. Government cannot alone increase the needed supply to meet the overwhelming demand for affordable housing for those with incomes of 140 per cent and below the median income in Hawaii. Your Committee finds that providing private landowners and developers incentives are needed in order to meet the demand for and increase the supply of affordable housing.

With respect to the Kakaako Community Development District, your Committee notes that it was intended that this area be transformed from an industrial area and developed into a mixed-use residential and commercial area that would provide opportunities for Hawaii families to live, work, and play within the same community. Instead, this area has experienced an increase in the development of luxury condominium units that are too expensive for a majority of Hawaii families to afford.

Your Committee recognizes the concerns raised in testimony in opposition to this measure, and encourage further discussion on providing incentives for private landowners to develop affordable housing units in the Kakaako Community Development District by the Committee on Ways and Means.

Accordingly, your Committee has amended this measure by:

- (1) Changing the one acre of land exemption of any new development to a development with a height of more than forty-five feet or a floor area that equals or exceeds 1.5 times the lot area of the development;
- (2) Changing the reserved housing floor area requirement from fifty per cent to twenty-five per cent until December 31, 2017 at which time the requirement will increase to thirty-five per cent thereafter, unless the Legislature determines there is adequate reserved housing in Kakaako;
- (3) Requiring that the housing requirement project is to start construction on or before the "larger project" and be completed at the same time or before the "larger project";
- (4) Deleting a fee alternative for reserved housing;
- (5) Changing the effective date to July 1, 2050, to facilitate further discussion on this issue; and
- (6) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee believes that this measure, as amended, fulfills the intent of this measure, which is to increase reserved housing units in Hawaii for low- to moderate-income families.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2294, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2294, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Ayes with Reservations, 1 (Trimble). Noes, none. Excused, 2 (Ige, Sakamoto).

SCRep. 2454 (Joint) Commerce, Consumer Protection and Affordable Housing and Judiciary and Labor on S.B. No. 2298

The purpose of this measure is to establish a joint legislative study group on twenty-four hour coverage to investigate the issues involved in implementing twenty-four hour insurance coverage in Hawaii.

Your Committees received testimony in support of this measure from the Hawaii Medical Service Association.

The study group will address the means by which the State can combine prepaid health care, temporary disability insurance, motor vehicle insurance personal injury protection, and workers' compensation insurance, and other related insurance systems in order to prevent duplication of coverage and avoid delays in the delivery of health care.

California enacted twenty-four hour coverage in 1992. The term twenty-four hour coverage is a combination of general health coverage and workers' compensation coverage. In twenty-four hour coverage, all of an employee's health needs - whether work-related or non-occupational - are covered by a single health care provider. Thus, coverage exists around the clock. The twenty-four hour coverage concept also offers advantages for employers and employees. By contracting with an exclusive provider of health care, savings are achieved by reducing administrative duplication. Participating employers insured by a workers' compensation carrier would be eligible for reduction in their workers' compensation premiums. Employees choosing to enroll may benefit from the convenience and continuity of care that results from the same doctor or health care provider serving all of their health care needs.

Savings from twenty-four hour coverage could result in two areas: administrative costs and reduced litigation and because the administrative aspects of general health insurance and workers' compensation coverage are duplicative, and twenty-four hour coverage may eliminate these duplications.

Your Committees believe that twenty-four hour coverage needs to be explored in Hawaii, particularly with the addition of mandatory motor vehicle personal injury protection coverage.

Your Committees have amended this measure by changing the effective date to July 1, 2050, to continue the discussion on this matter.

As affirmed by the records of votes of the members of your Committees on Commerce, Consumer Protection, and Affordable Housing and Judiciary and Labor that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2298, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2298, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 8. Noes, none. Excused, 3 (Hee, Ige, Sakamoto).

SCRep. 2455 Commerce, Consumer Protection and Affordable Housing on S.B. No. 2833

The purpose of this measure is to address the long range issues critical to Hawaii's way of life and natural resources and assure a sustainable outlook for future generations by adopting the Hawaii 2050 Sustainability Plan.

Specifically, this measure:

- (1) Sets forth and adopts the Hawaii 2050 Sustainability Plan as a new chapter under title 13, Hawaii Revised Statutes;
- (2) Establishes a Sustainability Council to coordinate, implement, measure, and evaluate the progress of the Hawaii Sustainability Plan and its related activities; and
- (3) Makes a blank appropriation to the Office of the Auditor to expend for the creation of the Sustainability Council.

Testimony in support of this measure was submitted by the Department of Education; the Office of Economic Development, County of Kauai; the Department of Research and Development, County of Hawaii; the Hawaii State AFL-CIO; the Hawaii Chapter of the National Association of Social Workers; the Hawai'i 2050 Sustainability Task Force; the Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO; the Nature Conservancy; the Association of Hawaiian Civic Clubs; the Hawaii Association of Independent Schools; The Chamber of Commerce of Hawaii; the Hawaii Science and Technology Council; the Aloha United Way; the ILWU Local 142; Pahio Development, Inc.; and three private individuals. Testimony in opposition to this measure was submitted by the Hawaii Building and Construction Trades Council, AFL-CIO; the Hawaii Business Roundtable; and the Land Use Research Foundation of Hawaii. The Executive Chambers submitted comments.

A lot has changed in the three decades since the first Hawaii State Plan was established, including population growth and aging, technological advances, geopolitical circumstances, and social and environmental challenges. In light of these local, regional, and global changes, and to better define and implement state goals, objectives, policies, and priority guidelines, the Legislature enacted Act 8, Special Session Laws of Hawaii 2005, which created the Hawaii 2050 Sustainability Task Force to review the Hawaii State Plan and the State's planning process. Furthermore, the Office of the Auditor was required to submit to the Legislature the Hawaii 2050 Sustainability Plan, which was submitted in December 2007.

The Hawaii 2050 Sustainability Plan provides a framework for addressing vital quality-of-life and public policy issues, including land and water use, energy, public infrastructure, economic development, transportation, education, the arts, and health, and provides strategies to meet the needs of Hawaii's residents now and in the future. Developing the Sustainability Plan required a tremendous amount of time, energy, and resources, however, the members of the Task Force were committed to providing a plan that creates a sustainable vision for Hawaii. Extensive community engagement meetings were conducted statewide to allow an opportunity for the public to engage in the process of creating a sustainable future for Hawaii, and for the task force to gain insights from the public on their visions and hopes for the future. Thus, the Hawaii 2050 Sustainability Plan is the "People's Plan" as it incorporates the community's input and visions within its sustainability goals and objectives.

Your Committee finds that the Hawaii 2050 Sustainability Plan is an important tool and guiding force for the State and that community engagement is vital for the development, implementation, and longevity of the plan. Thus, it is important that the combined efforts of the Task Force, government and private sectors, and the community in creating the Hawaii 2050 Sustainability Plan are recognized, set forth, and implemented.

Your Committee heard concerns regarding the amount of funds that were appropriated since the establishment of the Hawaii 2050 Sustainability Task Force in 2005. Contrary to the testimony submitted by the Administration, only a total of \$1,700,000 was expended for fiscal years 2005 to 2007 for the Task Force to plan community engagement and public education activities statewide, maintain its website and public awareness programs, conduct large conferences, and draft, finalize, and disseminate the Hawaii 2050 Sustainability Plan.

Your Committee recognizes concerns regarding the function of the Sustainability Council established in this measure to coordinate, implement, measure, and evaluate the progress of the Hawaii 2050 Sustainability Plan and its related activities. The intention for the creation of the Sustainability Council is to serve in an advisory and non-regulatory capacity and was modeled after the functions and role of the Council on Revenues. Furthermore, your Committee recognizes the important role and impact of Hawaii's youth as one of the intentions of the Sustainability Plan was to create a more sustainable future and outlook for generations to come. Thus, your Committee encourages further participation from Hawaii's youth and recommends that the Sustainability Council appoint youth representatives to the advisory committees focusing on education and community engagement; marketing and public awareness; economic development and diversification; environment and natural resources; social and community development; and the Kanaka Maoli and island lifestyle.

Your Committee believes that adopting the Hawaii 2050 Sustainability Plan and creating a Sustainability Council to implement the Plan fulfills the intent of this measure, which is to address the long range issues critical to Hawaii's way of life and natural resources and assure a sustainable outlook for future generations.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing 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 referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Ayes with Reservations, 1 (Trimble). Noes, none. Excused, 3 (Ihara, Sakamoto, Taniguchi).

SCRep. 2456 Commerce, Consumer Protection and Affordable Housing on S.B. No. 3009

The purpose of this measure is to effectively regulate the money transmitter industry by amending the Money Transmitters Act under chapter 489D, Hawaii Revised Statutes.

Specifically, this measure amends chapter 489D, Hawaii Revised Statutes, to:

- (1) Amend the application and licensing fee structure;
- (2) Enhance consumer protection;
- (3) Make necessary clarifications; and
- (4) Remedy inadvertent errors or omissions.

Testimony in support of this measure was submitted by the Department of Commerce and Consumer Affairs. Testimony in opposition to this measure was submitted by the Money Services Round Table.

Money transmitters sell payment instruments, such as money orders, or receive money for transmission to other locations within the United States or overseas. In 2006, the Legislature enacted Act 143, Session Laws of Hawaii 2006, which required money transmitters to be licensed and regulated by the Division of Financial Institutions of the Department of Commerce and Consumer Affairs. Currently, there are a little more than forty licensed money transmitters in Hawaii.

Your Committee finds that amending the Money Transmitters Act will provide further clarity and efficiency in the licensing and regulation of money transmitters in Hawaii. Your Committee recognizes the concerns raised in the testimony opposing this measure, especially with respect to the amended fee structure, and encourages continued discussion on these matters with the Committee on Judiciary and Labor and the Committee on Ways and Means.

Accordingly, your Committee has amended this measure by:

- (1) Amending the fee structure to provide:
 - (A) An application, license, or renewal license fee of \$2,000;
 - (B) An additional application, license, or renewal license fee of \$300 for each additional location in the State; and
 - (C) A maximum fee of \$15,000 for applications, licenses, or license renewals;
- (2) Deleting language that allows the Commissioner of Financial Institutions to establish a greater fee for applications, licenses, or license renewals by rule;
- (3) Inserting language that clarifies that, with respect to financial institutions as authorized delegates, when computing the application and license fees, the applicant or licensee that appoints an authorized delegate shall exclude all of the locations in the State where the authorized delegate will conduct its authorized delegate activities; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee believes that this measure, as amended, fulfills the intent of this measure, which is to effectively regulate the money transmitter industry.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3009, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3009, S.D. 1, and be referred to the Committees on Judiciary and Labor and Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Ayes with Reservations, 1 (Trimble). Noes, none. Excused, 3 (Espero, Ige, Taniguchi).

SCRep. 2457 Commerce, Consumer Protection and Affordable Housing on S.B. No. 3010

The purpose of this measure is to streamline the regulation and licensing of the mortgage broker industry by centralizing the regulation of residential mortgage brokers, mortgage lenders, and loan originators licensed to do business in Hawaii entirely under the Division of Financial Institutions of the Department of Commerce and Consumer Affairs.

Specifically, this measure provides the following:

- (1) Clarifies exemptions and prohibited activities;
- (2) Authorizes the Commissioner of Financial Institutions to establish application requirements;
- (3) Authorizes the participation in a uniform multistate automated licensing system to expedite licensing procedures and information sharing;
- (4) Allows the Commissioner of Financial Institutions to adopt rules for the continuing education of licensees, including content criteria for courses, accreditation of continuing education providers and programs, and the computation of continuing education credits;
- (5) Authorizes the Division of Financial Institutions to examine licensees and provides for the confidentiality of all examination related information;

- (6) Mandates compliance with applicable federal and state laws related to mortgage brokering, lending, and loan origination;
- (7) Authorizes the Commissioner of Financial Institutions to investigate or enjoin any individual for violations, and to set fees, commissions, and charges for licenses;
- (8) Establishes a fine of not more than \$5,000 per violation;
- (9) Repeals chapter 454, Hawaii Revised Statutes, relating to the licensing and regulation of mortgage brokers and solicitors; and
- (10) Appropriates \$140,000 out of the Compliance Resolution Fund.

Testimony in support of this measure was submitted by the Department of Commerce and Consumer Affairs; First Hawaiian Bank; Primerica Financial Services Home Mortgages, Inc.; the Hawaii Financial Services Association; and State Farm Insurance Companies. Testimony in opposition to this measure was submitted by Lauhala Mortgage; the Hawaii Association of Mortgage Brokers; the Mortgage Bankers Association of Hawaii; Best Mortgage, Inc.; and two private individuals.

The residential real estate boom of the past several years, which has only recently come to an abrupt end, spawned a significant number of national complaints against mortgage brokers. These complaints continue as borrowers find that what they had understood to be a "good" loan was in fact not as good as expected. Increased loan rates, prepayment penalties, esoteric repayment schedules and fraud have all contributed to create what the U.S. Federal Bureau of Investigation has termed, "the fastest growing white collar crime in the country." While the volume of complaints in Hawaii has not been as overwhelming as that seen on the mainland, complaints here are tracking on a continuous and disturbing upward trend, which shows little sign of declining.

The responsibility for the licensing of mortgage brokers and loan originators (or mortgage solicitors) currently rests with the Professional and Vocational Licensing (PVL) Division of the Department of Commerce and Consumer Affairs pursuant to chapter 454, Hawaii Revised Statutes. PVL's oversight of mortgage brokers and solicitors is essentially limited to the registration of licensed brokers and solicitors. Your Committee finds that mere registration is no longer adequate in light of the problems within the lending industry and a unified, effective, and seamless supervision of the residential mortgage industry's activities in the State is needed to protect Hawaii consumers and homeowners. Consumer interests will be better protected by charging a single division (Division of Financial Institutions of the Department of Commerce and Consumer Affairs) with the overall supervision of the licensing, examination, and regulation of mortgage brokers and loan originators.

Your Committee notes the concerns and various suggested amendments raised to improve this measure, and recognizes that although these suggestions and concerns are all focused on a common goal of effectively and efficiently regulating the residential mortgage industry, each proposes different methods to achieving this common goal. Your Committee encourages further discussion on this matter by the Committee on Ways and Means.

Accordingly, your Committee has amended this measure by deleting its contents and inserting language that:

- (1) Adds a new chapter to title 22, Hawaii Revised Statutes, that:
 - (A) Clarifies exemptions and prohibited activities;
 - (B) Authorizes the Commissioner of Financial Institutions to establish application requirements;
 - (C) Authorizes the participation in a uniform multistate automated licensing system to expedite licensing procedures and information sharing;
 - (D) Authorizes the Division of Financial Institutions to examine licensees and provides for the confidentiality of all examination related information;
 - (E) Authorizes the Commissioner of Financial Institutions to investigate or enjoin any individual for violations, and to set fees, commissions, and charges for licenses;
 - (F) Establishes a fine of not more than \$2,000 for violation, or imprisonment of not more than one year, or both, or fine not more than \$10,000 for a violation that includes conduct that is directed towards or committed against an elder;
 - (G) Regulates advertising of mortgage broker or loan originator services; and
 - (H) Regulates the requirements for written agreements for any transaction between a mortgage broker or a loan originator and a borrower;
- (2) Amends section 846-2.7, Hawaii Revised Statutes, to add that criminal history checks may be conducted by the Department of Commerce and Consumer Affairs on an applicant who is applying for a mortgage broker or mortgage lender license or loan originator license;
- (3) Repeals chapter 454, Hawaii Revised Statutes, relating to the licensing and regulation of mortgage brokers and solicitors;
- (4) Appropriates \$140,000 out of the Compliance Resolution Fund;
- (5) Inserts an effective date of July 1, 2050 to encourage further discussion on this matter by the Committee on Ways and Means; and
- (6) Makes technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee believes that this measure, as amended, fulfills the intent of this measure, which is to streamline the regulation and licensing of the mortgage broker industry.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3010, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3010, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Ayes with Reservations, 1 (Trimble). Noes, none. Excused, 3 (Espero, Ige, Taniguchi).

SCRep. 2458 Energy and Environment on S.B. No. 2933

The purpose of this measure is to allow for the use of clotheslines on any privately owned single-family residential dwelling, regardless of restrictions against use by any binding homeowner leases, contracts, or agreements.

Testimony in support of this measure was submitted by the Department of Business, Economic Development, and Tourism; Sierra Club Hawai'i Chapter; and the Conservation Council for Hawai'i. Testimony in opposition to this measure was submitted by the Princeville at Hanalei Community Association. Comments were submitted by a private citizen.

Your Committee finds that reducing the use of electric clothes dryers would substantially decrease the amount of fossil fuel electricity that Hawaii's households require.

Your Committee further finds that, as clotheslines make efficient use of the sun and wind, this measure is consistent with the State's energy objectives and supportive of Hawaii's renewable energy future.

A private citizen has suggested to your Committee that the regulation of the location of clotheslines should be allowed for the purpose of preventing clotheslines from being visible from the street.

Accordingly, your Committee has amended this measure to allow for the regulating of the location of clotheslines to screen drying clothes and clotheslines from being viewed from neighboring streets.

As affirmed by the record of votes of the members of your Committee on Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2933, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2933, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Affordable Housing.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Kokubun, Trimble).

SCRep. 2459 (Joint) Health and Human Services and Public Housing on S.B. No. 2543

The purpose of this measure is to appropriate funds to the Department of Health for the establishment or expansion of community-based dental health clinics that are operated by Federally Qualified Health Centers to provide a continuum of dental care to Medicaid and QUEST-eligible adults and children, the developmentally disabled, and the uninsured.

Testimony in support of the measure was submitted by the State Council on Developmental Disabilities; Lutheran Medical Center; the Hawai'i Primary Care Association; the Hawaii Dental Association; the Community Clinic of Maui; The ARC in Hawaii; the Hamakua Health Clinic; Molokai Ohana Health Care, Inc.; Ho'ola Lahui Hawai'i; Waimanalo Health Center; Bay Clinic, Inc.; Kalihi-Palama Health Center; West Hawaii Community Health Center, Inc.; Life Foundation; and two individuals. Testimony in opposition of the measure was submitted by the Department of Health.

Your Committees find that poor dental care, or the lack of dental care, is a major health issue for the State, particularly affecting disadvantaged or low-income individuals, those with disabilities, and the uninsured. The challenge to the State is to facilitate the receipt of proper dental care by such individuals in an appropriate and timely manner. Currently, Federally Qualified Health Centers exist throughout the State to provide comprehensive primary health, oral, and mental health/substance abuse services to persons in all stages of the life cycle. This measure appropriates funds for the establishment or expansion of community-based dental clinics to provide dental care for those individuals most in need, including QUEST and Medicaid fee-for-service eligible adults and children, individuals with developmental disabilities, and the uninsured. Your Committees determine that this funding will greatly increase access to dental care to individuals in need and improve the health and well being of the residents of Hawaii.

Your Committees have amended this measure by making a technical, nonsubstantive change for purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Health and Human Services and Public Housing that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2543, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2543, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 7. Noes, none. Excused, 3 (Hooser, Sakamoto, Whalen).

SCRep. 2460 Health on S.B. No. 3136

The purpose of this measure is to appropriate funds to the Department of Health for a monument to be placed in Kalawao County recognizing those who were sent to Kalaupapa with Hansen's disease.

Testimony in support of the measure was submitted by Ka 'Ohana O Kalaupapa, the United Church of Christ, the Hawaiian Political Action Council of Hawaii, and thirteen individuals. Testimony in opposition of the measure was submitted by the Department of Health and the Department of the Attorney General.

Your Committee finds that Hansen's disease, or leprosy, is a chronic infectious disease caused by a bacteria that, left untreated, can become progressive and result in damage to the skin, nerves, limbs, and eyes. From 1866 to 1969, approximately eight thousand individuals with Hansen's disease were forced to relocate at Kalaupapa. In their honor, the National Park Service maintains Kalaupapa as a National Historic Park, and the National Park Service and the Department of Health have executed an agreement whereby, among

other things, the Department of Health provides healthcare programs for Hansen's disease patients residing at Kalaupapa. This measure appropriates funds for the construction of a monument in Kalawao County in recognition of those sent to Kalaupapa with Hansen's disease.

Testimony provided indicated the current agreement between the National Park Service and the Department of Health may hamper erection of a monument under this measure. Additionally, a separate effort on the federal level for the erection of a monument at Kalaupapa is currently proceeding through Congress. Your Committee determines that to avoid jeopardizing or curtailing the federal efforts, funding should be provided for the monument's erection through alternative means.

Accordingly, your Committee has amended this measure by removing the appropriation and including a grant to Ka 'Ohana O Kalaupapa for the Kalaupapa memorial.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3136, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3136, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, none.

SCRep. 2461 Health on S.B. No. 3016

The purpose of this measure is to:

- (1) To cap the deposit required to operate a mutual benefit society at not more than \$20,000,000 and delete the benefit fund requirement; and
- (2) To delete references to the benefit fund from chapter 432, Hawaii Revised Statutes (HRS).

Your Committee received testimony in support of this measure from Department of Commerce and Consumer Affairs and the Hawaii Medical Service Association.

Your Committee finds that small mutual benefit societies are having difficulty complying with the "one-half of twenty times the maximum benefit payable in thirty days" deposit requirement in the current law and a cap of \$20,000,000 on the deposit requirement would be less prohibitive.

Your Committee further finds that deposits by mutual benefit societies protect the public in the event of insolvency; however, tying up unnecessarily large sums in deposit deprives the insurer of funds that could be used to defer premium increases. Making the deposit requirement relative to the size of the mutual benefit society is fairer and removes a barrier to entry for new mutual benefit societies, thus allowing for a more competitive market.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3016 and recommends that it pass Second Reading and be referred to the Committee on Commerce, Consumer Protection, and Affordable Housing.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, none.

SCRep. 2462 Health on S.B. No. 2063

The purpose of this measure is to increase the fine for exhaust pipes or mufflers that increase the noise emitted by a moped, motorcycle, or motor vehicle.

Your Committee received testimony in support of this measure from one individual.

Loud motor vehicle mufflers have been a serious problem affecting many neighborhoods throughout the State, especially in densely populated areas and in the late night and early morning hours. This measure will help to alleviate the problem.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2063 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, none.

SCRep. 2463 Health on S.B. No. 2859

The purpose of this measure is to protect the health of Hawaii's youth by making the use of tobacco products by minors unlawful.

Specifically, this measure makes it unlawful for a minor under eighteen years of age to use tobacco in any shape or form, including chewing tobacco and snuff and requires the minor to attend a tobacco cessation program and be subject to other penalties for first, second, and third offenses.

Your Committee received testimony in support of this measure from the Department of the Attorney General, the Hawaii Food Industry Association, and six individuals. Your Committee received testimony in opposition to this measure from the Department of Health, the Coalition for a Tobacco Free Hawaii, the American Heart Association, and one individual.

Your Committee finds that this measure attempts to close a loophole in the current law that makes it unlawful for minors to purchase tobacco products by also making it unlawful for minors to use tobacco products. Your Committee further finds that, though comprehensive measures need to be implemented to encourage youths to adopt healthy behaviors, data has shown that criminalizing tobacco use by minors does not necessarily deter them from its use.

Your Committee has amended this measure by:

- (1) Clarifying that “use” of any tobacco product purchased, possessed, or used by a minor shall be considered contraband;
- (2) Inserting language that makes a tobacco product that is labeled or packaged as such, prima facie evidence that the person engaged in the conduct; and
- (3) Inserting language that suspends a minor’s ability to apply for a license or permit, who has not yet attained the age requirement to apply for a license or permit, for one year after attaining the required age;

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2859, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2859, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 5. Ayes with Reservations, 1 (Baker). Noes, none. Excused, none.

SCRep. 2464 Health on S.B. No. 2459

The purpose of this measure is to help meet the pharmaceutical needs of patients in the State by authorizing the use of remote dispensing pharmacies that are continuously supervised by an on-site pharmacist.

Your Committee received testimony in support of this measure from the Hawaii Pharmacists Association. Your Committee received testimony in opposition to this measure from Ho’ola Lahui Hawaii. The Board of Pharmacy submitted comments.

Your Committee finds that the use of remote dispensing pharmacies supported by modern telecommunication technologies offers an innovative and efficient method of providing residents of rural areas of the State with the prescription medications they need. Your Committee further finds that requiring on-site pharmacist supervision is too restrictive, particularly for federally qualified health centers that are located in rural areas, and has caused the unintended effect of ceasing the operations of some remote dispensing pharmacies.

Your Committee has amended this measure by removing its language and replacing it with language that:

- (1) Authorizes remote pharmacies in any county with less than 100,000 residents and outside of a ten mile radius of an existing pharmacy for counties with greater than one hundred residents;
- (2) Provides that a remote dispensing pharmacy will be under the direct supervision of a registered pharmacist;
- (3) Ensures a secure physical set-up connected remotely to a responsible pharmacy that enables consumers to consult privately with a pharmacist;
- (4) Stipulates that a pharmacist be in control of the facility’s operation and approve prescriptions before they are dispensed;
- (5) Prohibits the dispensing of controlled substances from remote dispensing pharmacies;
- (6) Provides that records are kept of prescriptions filled at a remote dispensing pharmacy;
- (7) Exempts physicians from the stipulations of this measure;
- (8) Requires the Department of Commerce and Consumer Affairs to submit an annual report to the Legislature on the use of remote dispensing pharmacies and their financial impact on near-by pharmacies; and
- (9) Repeals the measure on January 1, 2013.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2459, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2459, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Affordable Housing.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Whalen).

SCRep. 2465 Health on S.B. No. 2890

The purpose of this measure is to provide for health care and other services for people living with the human immunodeficiency virus or acquired immunodeficiency syndrome.

Your Committee received testimony in support of this measure from the Life Foundation, Hawaii Island HIV/Aids Foundation, Gregory House Programs, Director of the Clint Spencer Clinic, and twelve individuals. The State Department of Health submitted testimony in opposition.

Your Committee finds that additional funds are needed to supplement moneys available through the Ryan White Care Act, which provides for medical and psychosocial services for Hawaii residents living with the human immunodeficiency virus or acquired immunodeficiency syndrome and have low incomes or little or no insurance.

Your Committee further finds that in light of a recent \$2,000,000 cutback in federal funding for Hawaii’s only acquired immunodeficiency syndrome clinical trials program, supplemental funding is necessary to provide assistance with housing, food, dental care needs, and other services that are in jeopardy or currently under funded.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2890 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, none.

SCRep. 2466 (Joint/Majority) Health and Intergovernmental and Military Affairs on S.B. No. 2192

The purpose of this measure is to protect the public health, safety, and welfare of the community adjacent to or near the Waimanalo Gulch landfill by requiring the Department of Health to conduct an independent study and determination of the effect of the requested permit modifications on the stability and structural integrity of the existing landfill, particularly the increased risk of a landslide occurring as a result of the requested permit modifications.

Your Committees received testimony in support of this measure from one individual. Your Committees received testimony in opposition to this measure from the Department of Health and the City and County of Honolulu Department of Environmental Services.

Your Committees find that the permit modification request presented for review by the City and County of Honolulu and the landfill operator only included a static and seismic stability analysis of one-third of the landfill fronting Farrington Highway. Your Committees further find that legitimate concerns have been raised regarding the expertise and requisite background of the Department of Health engineer that conducted the initial analysis.

Accordingly, your Committees have amended this measure by:

- (1) Requiring the Department of Health to establish measures to ensure the accuracy of the findings derived from the study; and
- (2) Requiring the Department of Health to conduct and complete the study without negatively impacting the City and County of Honolulu's operations or permitting procedures.

As affirmed by the records of votes of the members of your Committees on Health and Intergovernmental and Military Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2192, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2192, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 6. Noes, 1 (Hemmings). Excused, 1 (Whalen).

SCRep. 2467 (Majority) Human Services and Public Housing on S.B. No. 2286

The purpose of this measure is to require motor vehicle insurers to reduce insurance premium charges for individuals aged fifty-five years and older who successfully complete a driver improvement course approved by the Department of Transportation.

Testimony in support of this measure was submitted by AARP Hawaii. Testimony in opposition to this measure was submitted by the Department of Commerce and Consumer Affairs, the Hawaii Insurers Council, the Property Casualty Insurers Association of America, and State Farm Insurance Companies. Comments on the measure were submitted by the American Insurance Association.

Your Committee finds that while a reduction in benefits for the generally fixed-income senior population is well-intended, the measure, as written, may unreasonably target a population based on age without providing any additional demonstration of the effectiveness of accident prevention courses, and that the targeted population poses a reduced driving risk.

Accordingly, your Committee has amended this measure by:

- (1) Eliminating reference to the fifty-five years and older age qualifier for the reduction in premium charges; and
- (2) 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 Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2286, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2286, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Affordable Housing.

Signed by the Chair on behalf of the Committee. Ayes, 2. Noes, 1 (Hemmings). Excused, 2 (Hooser, Sakamoto).

SCRep. 2468 Human Services and Public Housing on S.B. No. 2129

The purpose of this measure is to prohibit the Director of the Executive Office on Aging from altering or withholding any work product issued by Policy Advisory Board for Elder Affairs (PABEA).

Testimony in opposition to this measure was submitted by the Executive Office on Aging.

Your Committee finds that when the Legislature creates boards and commissions, often the expectation is that the work of those bodies shall inform policy making. The intent of this particular measure is to allow PABEA to issue public policy positions of its own accord. Your Committee has voted to move this measure forward in the hopes of continuing the discussion of what role boards and commissions should play generally in relation to policy making.

Your Committee has amended this measure 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 Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2129, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2129, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Sakamoto).

SCRep. 2469 (Joint/Majority) Human Services and Public Housing and Intergovernmental and Military Affairs on S.B. No. 2107

The purpose of this measure is to establish a Disaster Planning and Preparedness Consumer Advisory Board to review existing and develop new policies and plans that address the needs of the elderly and disabled members of the community in the event of a man-made or natural disaster, and to make an appropriation therefor.

Your Committees received testimony in support of this measure from the State Department of Defense, State Council on Developmental Disabilities, Disability and Communication Access Board, Lanakila, ADA Coordinator, Kauai County; County of Kauai Agency on Elderly Affairs, and the Maui County Executive on Aging.

Your Committees find that a major deficiency exists in the State's disaster planning and preparedness for older and disabled individuals. The recent events of Hurricane Katrina and September 11th forced our communities to recognize the extreme vulnerability of these two populations.

Your Committees further find that a substantial portion of the older and disabled population in Hawaii are socially or geographically isolated and not served by community agencies. These individuals are particularly vulnerable in disaster situations because they often require special transportation services, have critical medical and pharmaceutical needs, and have difficulty communicating due to cultural differences and language barriers.

Your Committees have amended this measure by:

- (1) Removing the disaster planning and preparedness consumer advisory board and the appropriation therefor;
- (2) Adding to the purpose section references to the ongoing work of the Interagency Workgroup for the Emergency Preparedness of People with Disabilities and Special Needs in addressing disaster relief;
- (3) Adding an appropriation of \$1,000,000 for the Interagency Workgroup to implement outreach programs to inform the general public, particularly the elderly, disabled, and infirm populations of the availability of disaster relief services in the event of a natural or man-made disaster; and
- (4) Making a technical, nonsubstantive amendment for the purpose of consistency.

As affirmed by the records of votes of the members of your Committees on Human Services and Public Housing and Intergovernmental and Military Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2107, as amended herein, and recommend 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 Chairs on behalf of the Committees. Ayes, 5. Noes, 1 (Hemmings). Excused, 1 (Sakamoto).

SCRep. 2470 Human Services and Public Housing on S.B. No. 3172

The purpose of this measure is to allow qualified rental assistance applicants up to six months to find a qualified rental dwelling.

Testimony in support of this measure was submitted by one private citizen. Comments on this measure were submitted by the Hawaii Public Housing Authority.

Your Committee finds that the current housing market in Hawaii makes it very difficult for individuals in low-income households to find affordable rental units within short time frames, and that this measure would give those individuals the breathing room to find suitable units.

As affirmed by the record of votes of the members of your Committee on Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3172 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Hooser, Sakamoto).

SCRep. 2471 Human Services and Public Housing on S.B. No. 2599

The purpose of this measure is to establish certain standards and requirements and make various amendments to the laws governing pre-need funeral and interment contracts and trusts.

Testimony in opposition to this measure was submitted by Dodo Mortuary, Inc.; Hawaii Allied Memorial Council; the Hawaii Funeral Directors Association; Hawaii Memorial Life Plan; and Mililani Group, Inc. Comments on the measure were submitted by the Department of Commerce and Consumer Affairs.

Your Committee finds that the pre-need funeral and interment industry in Hawaii is subject to very few regulatory laws in comparison to other states, and that Hawaii residents are in need of certain assurances regarding quality and security concerning this particular industry.

Your Committee has amended this measure by:

- (1) Eliminating the annual audit requirement by the Director of Commerce and Consumer Affairs (Director) of funeral authorities;
- (2) Adding the creation of a Board of Cemetery and Funeral Trusts whose seven members will be appointed by the Governor;
- (3) Adding that the cemetery or pre-need authority shall maintain a file on each salesperson selling pre-need funeral or pre-need interment goods and services;
- (4) Adding the creation of a pre-need cemetery and funeral governance fund;

- (5) Adding definitions of “board”, “consumer”, and “consumer organization”;
- (6) Removing the amendment that would have raised from seventy per cent to eighty-five per cent, the percentage of the contract price to be placed in trust pursuant to section 441-22.5, Hawaii Revised Statutes;
- (7) Adding that a consumer is entitled to a refund including any interest earnings and any increase in value if a contract is canceled or terminated;
- (8) Adding amendments to section 441-23, Hawaii Revised Statutes, concerning prohibited behavior of cemetery and pre-need authorities;
- (9) Giving additional powers to the Director to fine and revoke or suspend funeral authority licenses for certain enumerated infractions;
- (10) Adding certain penalties for noncompliance with any required audits; and
- (11) 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 Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2599, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2599, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Affordable Housing.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Hooser, Sakamoto).

SCRep. 2472 Human Services and Public Housing on S.B. No. 2857

The purpose of this measure is to require home care agencies to be licensed by the Department of Health and to appropriate funds for a full-time equivalent position in the Department to assist with licensing and monitoring these agencies.

Testimony in support of this measure was submitted by the Healthcare Association of Hawaii. Testimony in opposition to this measure as written was submitted by the Department of Health and the Department of Human Services.

Your Committee finds that more and more elderly residents of Hawaii want to remain living in their homes rather than being institutionalized, and as the health care sector evolves to respond to rising consumer demand, home and community based provider markets have also increased. For this reason, it is imperative that the State ensure a minimum level of competence of those providing these services.

Your Committee has amended this measure by:

- (1) Incorporating the comments made together by the Department of Health, the Department of Human Services, and the Healthcare Association of Hawaii, by amending the definitions of “home care agency” and home care services; and
- (2) 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 Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2857, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2857, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Hooser, Sakamoto).

SCRep. 2473 Human Services and Public Housing on S.B. No. 3255

The purpose of this measure is to establish a Long Term Care Commission to research what resources are necessary to meet state long term care public policy goals.

Testimony in support of this measure was submitted by the Maui County Executive on Aging, AARP Hawaii, and the Healthcare Association of Hawaii. Comments in opposition to a section of the measure were submitted by the State Procurement Office.

Your Committee finds that as Hawaii’s population ages, there will be an overwhelming demand for long term care services. In order to meet that need in a predictable and sustainable way, an array of services will need to be coordinated and maintained by a central authority.

Your Committee has amended this measure by:

- (1) Outlining in greater detail the long term care policy goals of the State;
- (2) Amending the required experience section of commission members;
- (3) Removing the five formerly stated goals for the commission program; 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 Human Services and Public Housing 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 Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Hooser, Sakamoto).

SCRep. 2474 Human Services and Public Housing on S.B. No. 3050

The purpose of this measure is to expand the list of persons mandated to report known or suspected abuse of vulnerable adults.

Testimony in support of this measure was submitted by the State Council on Developmental Disabilities and the National Association of Social Workers. Comments on the measure were submitted by the Department of Human Services and the Hawaii Disability Rights Center.

Your Committee finds that the vulnerable adults in our community are defenseless against abuse and neglect and deserve to be afforded the maximum protection possible, and that this measure would strengthen the protection provided.

Your Committee has amended this measure by:

- (1) Incorporating the comments made by the Hawaii Disability Rights Center by amending section 346-224, Hawaii Revised Statutes, to specify that all of the section's reporting requirements are mandated to the maximum extent permitted by federal law;
- (2) Incorporating the comments made by the National Association of Social Workers by deleting the former subsection (7) as overly broad, and by adding social workers to the list of mandated reporters in its place; and
- (3) 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 Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3050, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3050, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Hooser, Sakamoto).

SCRep. 2475 (Joint) Human Services and Public Housing and Tourism and Government Operations on S.B. No. 2108

The purpose of this measure is to establish a procurement preference for bidders who employ persons with disabilities or recipients of income payments under public assistance programs.

Testimony in support of this measure was submitted by the Department of Human Services, the Department of Accounting and General Services, the State Rehabilitation Council, the Hawaii Disability Rights Center, and one private citizen. Comments on the measure were submitted by the State Procurement Office. Oral testimony in support of the measure was given by Lanakila Rehabilitation Center.

Your Committees find that the unemployment rate in the State is approximately three per cent, compared with the unemployment rate for individuals with disabilities in the State, which is roughly sixty-two per cent. Your Committees further find that this measure provides needed assistance to individuals with disabilities and recipients of Temporary Assistance for Needy Families, populations that can experience particular difficulties in obtaining jobs, achieve gainful employment.

Accordingly, your Committees have amended this measure by:

- (1) Incorporating the comments of the Department of Human Services by specifying that a procurement preference is being established for recipients of Temporary Assistance for Needy Families, rather than for recipients of public assistance generally, and by inserting an appropriation to the Department of Human Services to maintain registries of individuals with disabilities and recipients of Temporary Assistance for Needy Families for employment purposes;
- (2) Incorporating the comments of the Department of Accounting and General Services (DAGS) by placing a \$500,000 cap on qualifying construction contracts, and by requiring DAGS to submit an annual report to the Legislature on the procurement preferences; and
- (3) 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 Human Services and Public Housing and Tourism and Government Operations that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2108, as amended herein, and recommend 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 Judiciary and Labor.

Signed by the Chairs on behalf of the Committees. Ayes, 7. Noes, none. Excused, 2 (Hemmings, Trimble).

SCRep. 2476 (Joint) Human Services and Public Housing and Economic Development and Taxation on S.B. No. 2840

The purpose of this measure is to require the Department of Business, Economic Development, and Tourism to establish and update a self-sufficiency standard for the State.

Testimony in support of this measure was submitted by the Department of Business, Economic Development & Tourism (DBEDT), the Department of Human Services, the Hawai'i Alliance for Community-Based Economic Development, Hawaii Women Work!, the National Association of Social Workers and Welfare and Employments Rights Coalition, and one private citizen.

Your Committees find that currently, sixty-nine per cent of jobs in Hawaii pay less than what is needed for self-sufficiency, compared with fifty per cent in other states. By updating the State's self-sufficiency standard biannually, Hawaii will be in a better position to assess the needs of its most vulnerable citizens and to use realistic economic guidelines to create a state-wide environment that supports living wages. Your Committees further find that DBEDT testimony contained a range of amounts to establish a self-sufficiency standard, from \$30,000 to update previously-collected data, to \$50,000 to conduct a more comprehensive reevaluation of standards and data.

Accordingly, your Committees have amended this measure by:

- (1) Incorporating the comments of the Hawai'i Alliance for Community-Based Economic Development by substituting the language of the purpose section from House Bill 2184 H.D. 1, and by amending the description of the self-sufficiency standard; 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 Human Services and Public Housing and Economic Development and Taxation that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2840, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2840, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 8. Noes, none. Excused, 3 (English, Hooser, Ihara).

SCRep. 2477 (Joint) Human Services and Public Housing and Economic Development and Taxation on S.B. No. 2838

The purpose of this measure is to allow income tax refunds to be deposited electronically in a maximum of three checking and savings accounts.

Testimony in support of this measure was submitted by the Hawai'i Alliance for Community-Based Economic Development. Testimony in opposition to this measure was submitted by the Department of Taxation. Comments on the measure were submitted by the Tax Foundation of Hawaii.

Your Committees find that allowing tax refunds to be deposited automatically into more than one financial account provides a convenient opportunity for individuals to save a lump sum of money, and encourages saving and asset building particularly among individuals earning lower incomes.

Your Committees have amended this measure by incorporating the comments of the Department of Taxation by allowing the electronic deposit of tax refunds into up to three financial accounts only for those who file tax returns electronically.

As affirmed by the records of votes of the members of your Committees on Human Services and Public Housing and Economic Development and Taxation that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2838, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2838, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 8. Noes, none. Excused, 3 (English, Hooser, Ihara).

SCRep. 2478 (Joint) Economic Development and Taxation and Water and Land on S.B. No. 2196

The purpose of this measure is to authorize the Department of Land and Natural Resources to regulate commercial activity on ocean waters, not including those functions of the Department of Transportation under chapter 266, Hawaii Revised Statutes.

Testimony in support of this measure was received from the Department of Land and Natural Resources and four individuals. The Ocean Tourism Coalition and Paradise Cruise, Ltd., testified in opposition.

Your Committees find that new and expanded developments in residential and visitor destination areas along Hawaii's coastline have resulted in increased commercial activity on ocean waters. More commercial activity has led, in turn, to conflicts among users and adverse effects on the marine environment. Your Committees have addressed the concern that this measure would add another layer of regulation, and believe that, as amended, this measure is a step in beginning to resolve these and other issues in a comprehensive manner.

Your Committees have amended this measure accordingly, by:

- (1) Authorizing DLNR to regulate commercially permitted use of both governmental and private boating facilities, and commercial activity in private marinas; and
- (2) Making the effective date July 1, 2030, for the purpose of continued discussions.

As affirmed by the records of votes of the members of your Committees on Economic Development and Taxation and Water and Land that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2196, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2196, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 8. Noes, none. Excused, 2 (English, Tokuda).

SCRep. 2479 (Joint) Economic Development and Taxation, Education and Human Services and Public Housing on S.B. No. 2480

The purpose of this measure is to:

- (1) Amend Act 111, Session Laws of Hawaii 2007, to appropriate additional funds in fiscal year 2008-2009 for the fostering inspiration and relevance through science and technology pre-academy program;
- (2) Amend Act 271, Session Laws of Hawaii 2007, to appropriate additional funds in fiscal year 2008-2009 to support and expand Project EAST programs; and
- (3) Appropriate funds in fiscal year 2008-2009 from the federal temporary assistance for needy families program to augment funding for STEM programs and creative media education programs.

Testimony in support of this measure was received from the Department of Business, Economic Development, and Tourism (DBEDT); University of Hawai'i at Manoa; the University of Hawai'i's Hawaii Center for Advanced Communications; Wai'anae High

School Searider Productions; Moanalua High School MeneMAC Learning Center; HiTech Quest; and a dozen individuals, including teachers, EAST facilitators, and students from the EAST programs on the Island of Hawaii and Maui. Future Flight Hawaii, Hawaii Space Grant Consortium submitted comments.

Your Committees have been impressed by the depth and range of programs developed through pioneering Science-Technology-Engineering-Math (STEM) efforts at the school level. During December 2007, a number of STEM and robotics coordinators, teachers, and advocates presented information showing that the participation level has exceeded 2007 legislative targets to double the existing number of participating programs from forty-two to eighty-four. Future Flight Hawaii, Hawaii Space Grant Consortium reported that the interest level in robotics-related programs had actually tripled since 2006-2007, and submitted a cost-breakdown of budget figures relating to a broader-based implementation of robotics-related programs for schools desiring to participate.

Your Committees also note that in 2007, the Legislature provided significant support – both programmatic and fiscal – for STEM initiatives and creative media education as the most practical, hands-on means of increasing students' interest in pursuing math, science, and technology careers. During the February hearing, your Committees requested information on projected costs and time frames for expansion of Project EAST to all public middle and high schools desiring to develop Project EAST curricula in their schools. Additional information was requested from schools currently offering creative media programming, so that complete cost-estimates of national competition registration and travel costs, equipment and training needs could be developed.

Given the large amount of new data being collected, your Committees anticipate working closely with the Senate's fiscal committee to ascertain the best means of addressing the actual costs of expanding STEM and robotics, research experiences for teachers, Project EAST and creative media programs to schools seeking to participate. This measure and related STEM and creative media measures have positioned a number of different financing mechanisms - from general funds, to federal temporary assistance to needy families funding for certain types of after-school activities, to private sector matching funds or services, and the establishment of special funds, to maximize receipt of federal, private, and other external funding streams.

Your Committees have amended this measure by:

- (1) Deleting an inappropriate reference to existing creative education programs in the proposed amendment in Act 111, Session Laws of Hawaii 2007;
- (2) Clarifying that creative media education programs refer to K-12 programs; and
- (3) Appropriating an unspecified amount from general funds for K-12 creative media programs.

As affirmed by the records of votes of the members of your Committees on Economic Development and Taxation, Education, and Human Services and Public Housing that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2480, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2480, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs and the Majority Leader on behalf of the Committees. Ayes, 10. Noes, none. Excused, 6 (Baker, English, Hee, Hooser, Nishihara, Hemmings).

SCRep. 2480 Economic Development and Taxation on S.B. No. 2273

The purpose of this measure is to:

- (1) Amend the motion picture, digital media, and film production income tax credit to allow a tax credit on fifty per cent of wages paid to below-the-line crew who are Hawaii residents and that meet certain training and certification requirements; and
- (2) Authorize the Department of Labor and Industrial Relations to implement and operate media production training programs.

Testimony in support of this measure was received from IATSE Local 665. The Department of Business, Economic Development, and Tourism and the Department of Labor and Industrial Relations testified in opposition. The Department of Taxation and the Tax Foundation of Hawaii submitted comments.

Your Committee finds that in order for Hawaii to remain competitive in the international market of filming locations, its tax incentives must remain attractive. Labor costs associated with filmmaking can be a large production cost, and other regions have created labor incentive programs in response.

The Department of Taxation estimates that this measure will result in a revenue loss of approximately \$5,750,000 for fiscal year 2009 (1/2 year impact), and \$11,500,000 annually for fiscal years 2010 to 2016. The Department based its assumptions on information from the Hawaii Data Book 2006, which listed motion picture and television production expenditures as \$164,000,000 in 2004. The Department assumed the total wages paid to below-the-line crew amounted to forty per cent of the expenditures, and that fifty per cent of the total wages paid to below-the-line crew qualified for the new fifty per cent credit. Currently, the wages qualify for the fifteen per cent (or twenty per cent for neighbor islands) credit. Thus, based on the proposal, the wages would qualify for an additional thirty-five per cent credit (50% - 15%). The Department also assumed all the film and TV production occurred on Oahu.

Your Committee has heard a number of concerns raised about this measure, ranging from the restriction of the tax credit for Hawaii residents, to lack of personnel by the agencies that would be involved in administering the program.

Your Committee has considered these concerns and believes the proposed amendments will resolve most, if not all, of the issues. In making the amendments, your Committee has made an effort to provide additional resources through two sources – general fund revenues and the Employment and Training Fund (ETF). In considering the ETF, your Committee finds that there are two ways to apply for funding:

- (1) The "Macro" Grant Program that provides grants of up to \$100,000 per year, per recipient, for industry-specific training where there are critical skill shortages in high growth occupational or industry areas; and

- (2) The Employer Referral Program, or “micro” program, that provides noncredit training courses for nongovernmental employers who wish to upgrade the skills of their employees, with the ETF funding fifty per cent of the tuition per course, up to \$500.

Your Committee believes the ETF offers excellent options for building a skilled motion picture, digital media, and film production workforce.

It remains the intent of your Committee to work with the Administration and industry representatives in developing additional means to support this vital component of Hawaii’s economic engine.

Your Committee has amended this measure by:

- (1) Deleting the tax credit for fifty per cent of wages and salaries for below-the-line hires;
- (2) Establishing in its place an additional five per cent tax credit for qualified production costs incurred by a qualified production in any county of the State; provided that the qualified production employs workers who are Hawaii residents, who are paid a base rate of \$200 per day for a ten-hour day, who participate in on-the-job training, or complete a motion picture, digital media, or film production training course, and are certified as a trainee by the Film Industry Branch of the Department of Business, Economic Development, and Tourism;
- (3) Deleting the related new definition for “below-the-line-crew”;
- (4) Authorizing moneys from the ETF to be expended in support of the motion picture, digital media, or film production programs established pursuant to section 383-128(b)(3), Hawaii Revised Statutes;
- (5) Adding an unspecified appropriation from general revenues for motion picture, digital media, or film production training approval and certification by the Film Industry Branch, pursuant to section 235-17(a)(3), Hawaii Revised Statutes, to be expended by the Department Of Business, Economic Development, And Tourism; and
- (6) Adding an unspecified appropriation from the ETF for development and implementation of the motion picture, digital media, and film production training programs, pursuant to section 394-8(c), Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2273, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2273, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (English).

SCRep. 2481 Economic Development and Taxation on S.B. No. 2333

The purpose of this measure is to establish a task force to research the possibility of creating an Institute of Robotics in the University of Hawai‘i, College of Engineering.

Testimony in support of this measure was received from the Department of Education, the University of Hawai‘i System, the Hawaii Space Grant Consortium, and four individuals, including three teachers.

Your Committee finds strong support for the concept of robotics as a powerful vehicle for K-12 students to explore and develop exemplary skills in science, technology, engineering, and mathematics. For nearly a decade, the College of Engineering has been involved in multiple aspects of robotics education and outreach and has witnessed its tremendous impact on students, teachers, and the community. The many successful robotics competitions and the dramatic increase in interest and participation are strong testaments to this achievement.

Your Committee further finds that the College of Engineering is actively involved in outreach with K-12 students and teachers as a result of the Innovation in Education Initiatives, including Fostering Innovation and Relevance through Science and Technology, Pre-Academy; the Robotics and the Research Experiences for Teachers, Middle School Program, and the College will further expand its role in Science, Technology, Engineering, and Mathematics (STEM) outreach.

Given these activities, your Committee finds that it would be more appropriate to establish an informal working group to consider the feasibility of establishing an Institute of Robotics within the College of Engineering.

Your Committee has amended this measure accordingly, by:

- (1) Establishing a working group in the College of Engineering to consider the feasibility of establishing an Institute of Robotics;
- (2) Clarifying that the working group may include, but is not limited to representatives from the Legislature; the Department of Education; the Department of Business, Economic Development, and Tourism; the county economic development boards; Hawaii’s science and technology industry; the business community; and any others that may be deemed appropriate;
- (3) Requiring the working group to submit its findings and recommendations to the Legislature no later than twenty days prior to the convening of the Regular Session of 2010; and
- (4) Changing the effective date to upon approval.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2333, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2333, S.D. 1, and be referred to the Committee on Education.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (English).

SCRep. 2482 Economic Development and Taxation on S.B. No. 2860

The purpose of this measure is to create a High Technology Industry Task Force, attached to the High Technology Development Corporation, to develop a State Master Plan for High Technology (Master Plan) prior to the convening of the 2010 Regular Session and updated every two years thereafter.

Testimony in support of this measure, with recommendations for amendments, was received from the University of Hawai'i System, the High Technology Development Corporation, and the Hawaii Science & Technology Council. The Chairperson of the Board of Education submitted comments.

Your Committee finds that a well conceived Master Plan would provide direction for the State in making programmatic and fiscal decisions related to the growing technology industry. In addition, your Committee understands that the University of Hawai'i will be competing for \$15,000,000 over three years in funding from the National Science Foundation's (NSF) Experimental Program to Stimulate Competitive Research (EPSCoR). The deadline for a response to the request for proposals is expected to be in October 2008, with awards made in January 2009.

EPSCoR is a program designed to fulfill the NSF's mandate to promote scientific progress nationwide. An essential part of EPSCoR's goal of enhancing the competitive position of a jurisdiction's research and research-based education in science and engineering is a well-designed statewide science and technology initiative or plan (S&T Plan). This S&T Plan establishes statewide goals and objectives, and provides a framework that guides the jurisdiction's utilization of resources from EPSCoR and other stakeholders, in order to achieve them.

Your Committee further finds that this measure provides a timely and essential framework for development of the S&T Plan, which is so critical in exhibiting to the NSF that Hawaii is moving forward and that the State will have the ability to measure the effect of infrastructure investments in Hawaii.

Your Committee has amended this measure accordingly, by:

- (1) Establishing the Science and Technology Task Force in the University of Hawai'i and appropriating the moneys to the University;
- (2) Requiring the President of the Senate and the Speaker of the House of Representatives to nominate eight members each for the eighteen-member Task Force, and to include in their nominations senior-level leaders representing traditional and emerging industries, professional services, and cultural and natural resource constituencies;
- (3) Requiring that a preliminary Science and Technology Plan be submitted to the 2009 Legislature; and
- (4) Amending the findings and purpose section of this measure to reflect these changes.

Your Committee also received a number of suggestions for additional Task Force members. As written, this measure is sufficiently broad to encompass many of these recommendations, and your Committee will defer to the Task Force to make changes as deemed appropriate.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2860, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2860, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (English).

SCRep. 2483 (Majority) Economic Development and Taxation on S.B. No. 2829

The purpose of this measure is to adopt changes to Hawaii's tax law that will allow Hawaii to participate in the Streamlined Sales and Use Tax Agreement.

Testimony in support of this measure was submitted by the Hawaii Association of Realtors, the Hawaii Government Employees Association, the Retail Merchants of Hawaii, and Hawaii State Teachers Association. Comments on this measure were submitted by the Department of Taxation and the Tax Foundation of Hawaii.

Your Committee finds that for Hawaii to participate in the Streamlined Sales and Use Tax Agreement, it is necessary for Hawaii to amend its tax law to be in conformance with the tax laws of the Streamlined Sales and Use Tax Agreement. The purpose of the Streamlined Sales and Use Tax project is to establish a streamlined sales and use tax collection system that is seamless for sellers in a global economy, while respecting the sovereignty of state borders. Hawaii's participation in the national Streamlined Sales and Use Tax Agreement will level the playing field between local, "bricks and mortar" retailers who pay their state general excise taxes and out-of-state retailers (primarily mail order and e-commerce merchants) who have not, up to this point, had to collect and remit the existing use tax on purchases by Hawaii residents.

Between 1967 and 1992, two Supreme Court cases (National Bella Hess case, 1967; and the Quill decision, 1992) prohibited states from requiring out-of-state sellers to collect sales taxes on purchases made by state residents, primarily because of the burdens of complying with forty-six different sales tax systems, and the monetary cost for retailers. However, in 2000, state officials, along with private sector/retail representatives, began developing a simpler, uniform, and fair system of sales and use taxation to accomplish four purposes:

- (1) Removing the burden on retailers;
- (2) Preserving state sovereignty;
- (3) Leveling the playing field for all retailers; and
- (4) Enhancing the ability of United States companies to compete in the global economy.

The urgency of state participation in the Streamlined Sales and Use Tax project has been heightened with the shift to a service-based economy and erosion of sales tax revenues due to e-commerce. For example, a study conducted by the Center for Business and Economic Research at the University of Tennessee in 2003 estimated that, by 2008, the revenue loss for state and local governments could be as high as \$33,600,000,000. Hawaii's estimated share of this loss for 2008 was estimated at \$130,300,000 for e-commerce losses, and \$245,500,000 for all remote sales. This means that the proportional share of sales tax burdens borne by Hawaii's local retailers and businesses is that much greater when compared against the use taxes not being collected by their competitors.

In less than six years, states participating in the Streamlined Sales and Use Tax project have worked, with the assistance of the private sector, to develop a new sales tax system that is fairer, simpler, more uniform and technologically proficient; today, twenty-two states — almost half of all the states with a sales tax — have enacted legislation to comply with the changes, and the system is working. By April 2008, twenty of those states (Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Nebraska, New Jersey, North Carolina, North Dakota, Oklahoma, Rhode Island, South Dakota, Vermont, West Virginia, Arkansas, Nevada, Tennessee, Washington and Wyoming) will be in full compliance with the Streamlined Sales and Use Tax Agreement.

During December 2007, the Streamlined Sales and Use Tax Governing Board adopted amendments to allow origin-based sourcing (as opposed to destination-based sourcing) for intrastate transactions to help large states like Arizona, California, Illinois, Missouri, New Mexico, Texas and Virginia obtain greater flexibility in adopting the Streamlined Sales and Use Tax Agreement.

Since October 1, 2005, over 1,100 retailers have volunteered to begin collecting sales taxes for member states; and those states have collected over \$125,000,000 in previously-uncollected revenues for sales taxes on transactions involving out-of-state retailers. The voluntary collection process, however, is just the first step in providing Congress with the evidence that states working together have sufficiently streamlined their tax systems to require remote sellers to collect their sales taxes for them.

In 2008, the Streamlined Sales and Use Tax Governing Board and project supporters have made congressional action on the federal streamlined sales tax legislation a key strategic goal. United States Senator Daniel Inouye has joined as a co-sponsor of The Sales Tax Fairness and Simplification Act in the United States Senate, S. 34; and United States Representative Neil Abercrombie has joined as a co-sponsor of the Sales Tax Fairness and Simplification Act, H.R. 3396. Your Committee notes that, with Hawaii's congressional leadership joining in the national effort to approve the state-initiated streamlined sales/use tax system, it is critical for Hawaii's policymakers to take the necessary steps to fine-tune Hawaii's general excise and use tax laws so they will meet the national mandate.

Accordingly, it is the intent of your Committee to support this measure to participate in the Streamlined Sales and Use Tax Agreement.

Your Committee received a 2006 estimated cost statement from the Department of Taxation that detailed the startup, implementation, and operating costs for the Department's administration of the Streamlined Sales Tax Project during the first year. The statement concluded that the total costs for the first year would be \$15,370,055. Their methodology is as follows:

One-time estimated costs for the first year are Integrated Tax Information Management System modification and implementation of \$4,990,000, hardware and software costs of \$2,100,000, operational support and project management of \$1,115,000, operations infrastructure of \$2,220,000, overtime staffing and leasehold improvement of \$747,926, for a total one-time startup, implementation, and operating costs of \$11,172,926. Your Committee notes that some of these cost estimates include features that have been paid for, such as the Department of Taxation's implementation of collections of the one-half of one per cent county surcharge in 2007.

Annual recurring costs are estimated to include staffing requirements of \$2,089,629, project management of \$350,000, hardware and software maintenance of \$1,063,500, office space rental of \$594,000, office janitorial of \$26,400, operational costs of \$44,000, and travel of \$29,600, for total annual recurring costs of \$4,197,129. Your Committee notes that these ongoing costs may also include staffing or resources costs that were appropriated to the Department of Taxation in 2007.

Thus, your Committee finds that the Department of Taxation's estimated costs to implement the Streamlined Sales Tax Project of \$15,370,055 must be adjusted to reflect additional staffing or resources, and program activity costs undertaken in 2007. Projected costs of implementation that involve modification to the Department of Taxation's Integrated Tax Information Management Systems software system may also be addressed in Senate Bill No. 3115, which authorizes the Department of Taxation to implement a benefits-funded Integrated Tax Information Management Systems software upgrade.

Your Committee has amended this measure by 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 and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2829, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2829, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, 1 (Slom). Excused, 1 (English).

SCRep. 2484 (Joint) Judiciary and Labor and Intergovernmental and Military Affairs on S.B. No. 2710

The purpose of this measure is to authorize the counties to employ retired state or county government employees who are receiving retirement benefits from the Employees' Retirement System.

Your Committees received testimony in support of this measure from the County of Hawaii, the County of Kauai, the County of Maui, the Department of Human Resources of the County of Hawaii, the Department of Fire and Public Safety of the County of Maui, and the Honolulu Fire Department. Comments on the measure were received from the Employees' Retirement System and the Department of Human Resources Development.

Your Committees find that this measure will enable the counties to partially address the difficulties that they are currently facing in meeting their labor shortages. The measure will also enable government retirees to return to government employment without incurring negative financial consequences.

Your Committees have amended this measure by:

- (1) Specifying that a retiree shall have been retired for at least one calendar year prior to reemployment;
- (2) Specifying that the county employer must contribute to the pension accumulation fund the required percentage of the rehired employee's compensation in order to amortize the system's unfunded actuarial accrued liability;
- (3) Specifying that the retirees may be rehired only for labor shortage and critical-to-fill positions;
- (4) Specifying that the appointing authority and the retiree must certify that no agreement to rehire the employee was made prior to the employee's retirement;
- (5) Changing the effective date to July 1, 2080, to promote continued discussion of the matter; and
- (6) 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 Judiciary and Labor and Intergovernmental and Military Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2710, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2710, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 8. Noes, none. Excused, 1 (Hee).

SCRep. 2485 Judiciary and Labor on S.B. No. 2579

The purpose of this measure is to clarify who is subject to administrative fines for violations relating to campaign contributions and expenditures and the nature of those violations.

This measure also defines a "natural person" and provides for deposit of collected fines into the general fund.

Your Committee received testimony in support of this measure from one individual. The Campaign Spending Commission and the League of Women Voters of Hawaii submitted testimony opposing certain parts of the measure. One individual submitted testimony in opposition.

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

- (1) Deleting provisions that clarify who is subject to administrative fines for violations relating to campaign contributions and expenditures; and
- (2) Adding a new section relating to penalties for failure to file a report, with the penalties to be deposited into the general fund rather than the Hawaii Election Campaign Fund.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2579, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2579, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Ayes with Reservations, 1 (Slom). Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2486 (Joint) Agriculture and Hawaiian Affairs, Water and Land and Judiciary and Labor on S.B. No. 2733

The purpose of this measure is to:

- (1) Finally and completely resolve any and all claims and disputes relating to the portion of income and proceeds from the lands of the public land trust for use by the Office of Hawaiian Affairs, including under sections 4 and 6 of article XII of the State Constitution and any relevant statute or act, between November 7, 1978 and July 1, 2008; and
- (2) Fix, prospectively, the minimum amount of income and proceeds from the lands of the public land trust that are to be paid to the Office of Hawaiian Affairs to use under section 6 of article XII of the Constitution at \$15,100,000 each fiscal year.

Testimony in support of this measure was submitted by the Office of Hawaiian Affairs, Chaminade University, Ko'olaupoko Hawaiian Civic Club, Native Hawaiian Hospitality Association, Hawaiian Civic Club of Honolulu, Association of Hawaiian Civic Clubs, Kaunakapili Church, Historic Hawaii Foundation, Japanese American Citizens League, TJ Mahoney & Associates, Kulia Na Mamo, Building Industry Association - Hawaii, Filipino American Citizens League, Pauline Worsham Marketing, Department of Hawaiian Home Lands, Hawaii Government Employees Association, Department of the Attorney General, Catholic Charities Hawaii, Trust for Public Lands, Hawaii State Teachers Association, Institute for Native Pacific Education and Culture, Ko'olau Foundation, Kamehameha Schools, Puakala Farms, and thirty-four individuals. Testimony in opposition to this measure was submitted by Hawaii Political Action Council of Hawaii, Aloha for All, and fourteen individuals.

Your Committees find that in 1978, the Constitution of the State of Hawaii was amended to include article XII, sections 4, 5, and 6, which established the Office of Hawaiian Affairs and authorized it to hold lands defined as "available lands" in the Admission Act in public trust for Native Hawaiians and the general public. The issue of the proportion of public trust lands that is to be for the benefit of Native Hawaiians has been a long standing issue.

In Trustees of the Office of Hawaiian Affairs v. Yamasaki, 69 Haw. 154, 737 P.2d 446 (1987), the Hawaii Supreme Court concluded, *inter alia*, that the issue of what constitutes the portion of the income and proceeds derived from the public land trust for the Office of Hawaiian Affairs pursuant to article XII, section 6 of the State Constitution, is a political question for the Legislature to determine.

In response to the Yamasaki decision, the Legislature enacted Act 304, Session Laws of Hawaii 1990, to clarify the extent and scope of the State's obligation to provide a portion of the funds derived from the public land trust to the Office of Hawaiian Affairs.

Subsequently, on September 12, 2001, the Hawaii Supreme Court ruled in Office of Hawaiian Affairs v. State of Hawai'i, 96 Haw. 388, 31 P.3d 901 (2001), that Act 304 was effectively repealed by its own terms, so that once again, it was necessary for the Legislature to specify the portion of which funds, generated from which lands the Office of Hawaiian Affairs was to receive under the State Constitution.

In its decision, the Hawaii Supreme Court affirmed Yamasaki, observing that:

[T]he State's obligation to native Hawaiians is firmly established in our constitution. How the State satisfies that constitutional obligation requires policy decisions that are primarily within the authority and expertise of the legislative branch. As such, it is incumbent upon the legislature to enact legislation that gives effect to the right of native Hawaiians to benefit from the ceded lands trust. See Haw. Const. art. XVI, §7. . . .

[W]e trust that the legislature will re-examine the State's constitutional obligation to native Hawaiians and the purpose of HRS § 10-13.5 and enact legislation that most effectively and responsibly meets those obligations.

Office of Hawaiian Affairs v. State of Hawai'i, 96 Haw. at 401, 31 P.3d at 914 (citations omitted).

This measure represents the terms and conditions proposed by the Governor and the Office of Hawaiian Affairs in an attempt to settle and establish the State's constitutional obligations with regard to lands within the public land trust. Your Committees recognize that the terms and conditions proposed by this measure are not a complete and satisfactory solution. Further, your Committees express their strong concern over the lack of opportunity that the Native Hawaiian community at-large has had to provide its input into the terms of settlement provided by this measure. Nevertheless, your Committees realize the importance of keeping this measure alive for continued consideration by this Legislature. By Senate Concurrent Resolution No. 49 (2008) the Senate requested that the Governor and the Office of Hawaiian Affairs reach out to the Native Hawaiian community to obtain its input and opinions regarding this measure and the terms proposed by it, and to submit a written report of their findings and recommendations to the Legislature by no later than March 26, 2008.

Therefore, in order to provide the opportunity for the continued consideration of this measure by the Legislature, your Committee has made the following amendments:

- (1) Making the appropriation an unspecified amount; and
- (2) Amending the effective date to July 1, 2050.

As affirmed by the records of votes of the members of your Committees on Agriculture and Hawaiian Affairs and Water and Land and Judiciary and Labor that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2733, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2733, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 9. Ayes with Reservations, 3 (Gabbard, Hee, Slom). Noes, none. Excused, 1 (English).

SCRep. 2487 Economic Development and Taxation on S.B. No. 2561

The purpose of this measure is to establish a tax credit for the preservation and rehabilitation of historic structures.

Testimony in support of this measure was submitted by the Historic Hawaii Foundation, the North Shore Chamber of Commerce, and five individual citizens. Testimony in opposition of this measure was submitted by the Department of Taxation. Comments on the measure were submitted by the Department of Land and Natural Resources and the Tax Foundation of Hawaii.

Your Committee finds that providing an income tax credit for the purpose of preserving and rehabilitating historic structures is an important step in helping to preserve our culture, arts, and traditions.

Accordingly, it is the intent of your Committee to support a tax credit for the limited costs of rehabilitating or preserving historic structures.

Your Committee has received an annual revenue loss estimate to the State from the Department of Taxation that this measure would result in annual losses of \$735,000. Their methodology is as follows:

There are an estimated one hundred eighty-six residences and one hundred eight other buildings in Hawaii that are listed on the National and State Register of Historic Places. For purposes of the revenue impact, it is assumed that five per cent of the historic residences and other buildings are renovated each year at an average cost of \$200,000.

Your Committee has amended this measure by:

- (1) Adding a "certified historic structure" definition;
- (2) Adding various scenarios where recapture of a previously claimed credit would be applicable;
- (3) Providing a blank annual cap on the credit; 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 and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2561, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2561, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (English).

SCRep. 2488 Health on S.B. No. 2314

The purpose of this measure is to allow small insurers with less than ten per cent of the market share to offer different types of benefits in a single unified policy.

Your Committee received testimony in support of this measure from the Hawaii Medical Assurance Association. Your Committee received testimony in opposition to this measure from the Department of Commerce and Consumer Affairs, Hawaii Insurers Council, State Farm Insurance Companies, and Hawaii Medical Service Association.

Your Committee finds that this measure is intended to help self-employed workers and small businesses by allowing broader coverage for less cost without affecting the Prepaid Health Care Act. However, your Committee further finds that this measure needs to be limited in scope to ensure that it does not cause unintended consequences.

Accordingly, your Committee has amended this measure by:

- (1) Clarifying that the exemption applies only to insurers that are mutual benefit societies pursuant to chapter 432, Hawaii Revised Statutes, with less than five per cent of the health insurance market share offering contracts for dental and vision insurance as a condition, agreement, or understanding to the new health insurance policy or renewal of a health insurance policy under chapter 432;
- (2) Making a clarifying change to ensure that the foregoing small insurers are exempt from only the anti-bundling provisions of section 431:13-103, Hawaii Revised Statutes, i.e., section 431:13-103(a)(4)(B); and thus, all the other unfair methods of competition and unfair or deceptive acts or practices in the business of insurance set forth in section 431:13-103, continue to apply to these insurers;
- (3) Changing the effective date to encourage further discussions on the measure; and
- (4) Making technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2314, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2314, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Affordable Housing.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, none.

SCRep. 2489 Health on S.B. No. 2460

The purpose of this measure is to prohibit pre-signed and predated prescriptions used in obtaining controlled substances and to clarify how the Department of Public Safety's Narcotic Enforcement Division Administrator shall conduct inspections at pharmacies.

Testimony in support of the measure was submitted by the Department of Public Safety, the Department of the Attorney General, Kaiser Permanente, and the Hawaii Pharmacists Association.

Your Committee finds that increased regulation is necessary to maintain proper control over prescriptions of pharmaceuticals to avoid abuse and fraud. This measure prohibits practitioners from predating or pre-signing prescriptions to facilitate the obtaining of controlled substances and any person subject to part III of chapter 329, Hawaii Revised Statutes, from administering, prescribing, or knowingly dispensing any controlled substance without a bona fide physician-patient relationship. Your Committee determines that these prohibitions will help to reduce the number of incidents of fraudulently obtained controlled substances and diminish the problem of physicians inappropriately issuing prescriptions.

Your Committee received testimony indicating that further clarification is necessary regarding the guidelines for examining a patient prior to prescribing controlled substances and raising concern with increased penalties for certain violations. Your Committee determines that these are appropriate considerations for refinement of this measure.

Accordingly, your Committee has amended this measure by:

- (1) Changing the definition of "designated member of the physician's health care team" to mean a person authorized by the physician who is also authorized by state law to prescribe prescription drugs, including specified healthcare professionals;
- (2) Removing the enhanced penalty for violations of section 329-41(b), Hawaii Revised Statutes; and
- (3) 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 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 and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, none.

SCRep. 2490 Health on S.B. No. 2703

The purpose of this measure is to:

- (1) Establish a Hospital Loan Guarantee Program, and a temporary Hospital Loan Guarantee Trust Fund;
- (2) Make an appropriation out of the general fund for deposit into the temporary Hospital Loan Guarantee Trust Fund; and
- (3) Make an appropriation out of the temporary Hospital Loan Guarantee Trust Fund as loan guarantees.

Your Committee received testimony in support of this measure from six individuals. Testimony in opposition to this measure was received from the Department of Health.

Under the program, the Department of Health may guarantee a portion of a loan by a private lender to a hospital that is experiencing short-term financial problems. The Department may make a guarantee only if general funds are appropriated and deposited into the temporary Hospital Loan Guarantee Trust Fund established under this measure.

Your Committee finds that hospitals are suffering from severe financial problems, which is a complicated situation engendered by complex economics. This measure is intended to provide partial financial assistance from the State in critical financial times that may threaten the survival of a hospital. This measure is by no means a solution to the problem and is not intended to solve the financial woes of hospitals. Your Committee believes that better alternative long-term solutions need to be identified, explored, and if feasible, implemented for hospitals to become healthy themselves.

Your Committee has amended this measure by changing the effective date to July 1, 2050, to continue discussions in this matter.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2703, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2703, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Ayes with Reservations, 1 (Baker). Noes, none. Excused, none.

SCRep. 2491 Health on S.B. No. 3012

The purpose of this measure is to limit the number of visits, charge per visit, and combined total visits for therapeutic massage treatments to those imposed on naturopathic, chiropractic, and acupuncture treatments in determining motor vehicle insurance policy personal injury protection benefits.

Testimony in support of the measure was submitted by the Department of Commerce and Consumer Affairs, GEICO, State Farm Insurance Companies, and the Hawaii Insurers Council. Testimony in opposition to the measure was submitted by the Hawaii State Chiropractic Association, the American Massage Therapy Association-Hawaii Chapter, the Massage Therapists Association of Hawaii, the Consumer Lawyers of Hawaii, and fourteen individuals.

Your Committee finds that, under the current motor vehicle insurance law, combined chiropractic, naturopathic, and acupuncture treatments under personal injury protection coverage cannot exceed thirty visits. Therapeutic massage and physical therapy, however, are treatments subject to other limitations, including requiring a prescription from a medical doctor. Your Committee further finds that, recently, the Department of Labor and Industrial Relations implemented increases to the workers' compensation supplemental medical fee schedule, which increased the charges allowed for therapeutic massage treatments. This measure seeks to offset the effects of the cost increase by limiting the number of therapeutic massage treatments allowed under personal injury protection benefits in a motor vehicle insurance policy. Additionally, this measure also attempts to prevent abuses and excessive treatment.

Your Committee does not believe that imposing the same limitations on therapeutic massage treatments as applies to chiropractic, naturopathic, and acupuncture treatments is the most effective way to deal with the existing or potential abuse. Instead, a more focused solution needs to be examined and implemented.

Accordingly, your Committee has amended this measure by changing its effective date to July 1, 2050 to facilitate further discussion on and changes to the measure.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3012, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3012, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Affordable Housing.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, none.

SCRep. 2492 Health on S.B. No. 3015

The purpose of this measure is amend the Patients' Bill of Rights and Responsibilities Act by prohibiting certain unfair or deceptive business practices by managed care plans.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs. Comments were received from the Hawaii Medical Service Association.

Chapter 432E, Hawaii Revised Statutes, relating to the Patients' Bill of Rights, does not contain provisions for unfair or deceptive acts or practices in managed care plans. According to the Department of Commerce and Consumer Affairs, this measure is intended to protect consumers by establishing prohibited practices for managed care plans. This measure is based partly on the California managed care plan statutes.

Your Committee finds that this measure adds protection for consumers by allowing action against insurers by way of complaint or investigation, rather than by external review. Often, consumers cannot obtain legal representation for external review appeals.

Your Committee has amended this measure by:

- (1) Deleting reference to treating each instance of noncompliance as a separate violation;
- (2) Requiring that each instance of violation of the section be subject to section 431:2-203, Hawaii Revised Statutes, relating to administrative proceedings for enforcement; and

- (3) Replacing the term “noncompliance” with the term “violation” in order to make correct the cross reference to section 431:2-203, Hawaii Revised Statutes, which uses “violates”.

As affirmed by the record of votes of the members of your Committee on Health 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 Commerce, Consumer Protection, and Affordable Housing.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, none.

SCRep. 2493 Health on S.B. No. 3077

The purpose of this measure is to provide immunity from liability and workers’ compensation for licensed medical personnel providing volunteer medical services on behalf of the State or a county.

Testimony in support of the measure was submitted by the Department of Health and one individual. Testimony in opposition of the measure was submitted by the Consumer Lawyers of Hawaii.

Your Committee finds that, currently, licensed medical professionals provide volunteer services for and within the State. Although such services are within the scope of their licenses, these licensed individuals are not indemnified by the State when responding in emergency situations. This liability can have a chilling effect on the provision of critical volunteer medical services by qualified individuals that are necessary to supplement the State’s own medical personnel, especially in the cases of disasters or emergencies. This measure extends immunity from liability and workers’ compensation for licensed medical personnel who provide volunteer medical services for the State or a county. Your Committee determines that such immunity will help to develop a strong volunteer workforce of medical professionals to support public health interventions and for emergency medical surge capacity.

Testimony provided raised concerns regarding the need for clarification to ensure that the State indemnifies the negligent acts or omissions of volunteer medical assistance personnel to protect and provide relief for individuals suffering harm from such negligence.

Accordingly, your Committee has amended this measure by inserting clarifying language regarding the State’s or county’s liability with respect to the negligent acts or omissions of volunteer medical assistance personnel.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3077, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3077, S.D. 1, and be referred to the Committees on Judiciary and Labor and Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Whalen).

SCRep. 2494 (Joint) Health and Commerce, Consumer Protection and Affordable Housing on S.B. No. 2146

The purpose of this measure is to ensure that the Hawaii Center for Nursing is appropriately funded in order to continue the provision of its operations and services.

Specifically, this measure deletes the requirement in section 10 of Act 198, Session Laws of Hawaii 2003, which would have repealed the fee assessment for the Hawaii State Center for Nursing on July 1, 2009.

Your Committees received testimony in support of this measure from the Board of Nursing, the Hawaii Center for Nursing, American Organization of Nurse Executives, Hospice Hawaii, Maunalani Nursing Rehabilitation Center, Kona Community Hospital, The Queen’s Medical Center, the Honolulu Community Action Program, Healthcare Association of Hawaii, and eight individuals. Your Committees received testimony in opposition to this measure from the Hawaii Nurses Association, and nine individuals.

Your Committees find that the Hawaii Center for Nursing (Center) that was established in 2003 to address issues related to the nursing shortage, particularly those issues relating to recruitment and retention of registered nurses and nursing faculty, was an initiative brought forward by concerned nurses. The fee that was agreed to at the conception of the Center has afforded the Center to be very successful in supporting the nursing profession and has been instrumental in ensuring that better data about nurses is available and improving the working conditions for nurses in the State.

Your Committees further find that alternative funding mechanisms need to be researched to continue the Center’s success.

Accordingly, your Committees amended this measure by:

- (1) Establishing a non-managerial staff nurse position on the advisory board for the Hawaii Center for Nursing;
- (2) Extending the sunset date on section 10 of Act 198, Session Laws of Hawaii 2003, five years to July 1, 2014;
- (3) Requiring the advisory board for the Hawaii Center for Nursing to submit to the Legislature:
 - (A) An interim report on the progress and findings of the five-year longitudinal study currently being conducted by the Center regarding new graduate registered nurses turnover and best practices in retention of nurses; and
 - (B) A report on funding alternatives that will enable the Center to continue its operations and services; and
- (4) Changing the effective date to encourage further discussions on this matter.

As affirmed by the records of votes of the members of your Committees on Health and Commerce, Consumer Protection, and Affordable Housing that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2146, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2146, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 7. Noes, none. Excused, 4 (Espero, Sakamoto, Trimble, Whalen).

SCRep. 2495 (Joint) Health and Judiciary and Labor on S.B. No. 2414

The purpose of this measure is to ensure maximum effectiveness of health care programs in the State that alleviate discrepancies between the cost of living and health care costs in Hawaii.

Specifically, this measure effectuates the recommendations of the Maui Health Initiative Task Force established pursuant to Act 219, Session Laws of Hawaii 2007, by requiring the Legislative Reference Bureau to conduct a study of the social and economic consequences of the Prepaid Health Care Act and state-funded health insurance programs, including Medicaid and Med-QUEST programs.

Your Committees received testimony with comments on this measure from the Legislative Reference Bureau and the State Procurement Office.

Your Committees find that, though the intent of this measure is worthy, the study required is very broad and beyond the resources available to the Legislative Reference Bureau. Your Committees further find that limiting the scope to a compilation and analysis of existing studies of the various state-funded portions of Medicaid and Med-QUEST programs will be an attainable step towards addressing the complex issues of health care costs in Hawaii.

Accordingly, your Committees have amended this measure by:

- (1) Removing the requirement that the Legislative Reference Bureau conduct a study of the social and economic consequences of the Prepaid Health Care Act and state-funded health insurance programs, including Medicaid and Med-QUEST programs;
- (2) Requiring the Legislative Reference Bureau to compile and analyze existing studies of the various state-funded portions of Medicaid-sponsored programs offered by the State pursuant to chapter 346, Hawaii Revised Statutes, including Medicaid and Med-QUEST; and
- (3) Requiring the Legislative Reference Bureau to submit a report of its findings and recommendations, including any necessary proposed legislation, to the Legislature no later than twenty days prior to the convening of the Regular Session of 2009.

As affirmed by the records of votes of the members of your Committees on Health and Judiciary and Labor that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2414, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2414, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 10. Noes, none. Excused, 1 (Whalen).

SCRep. 2496 (Joint) Human Services and Public Housing and Health on S.B. No. 3237

The purpose of this measure is to require the Hawaii Health Systems Corporation Oahu Regional Board to convene a task force to develop a long-term care master plan for Leahi Hospital, and to appropriate funds for master plan development and task force staff support.

Testimony in support of this measure was submitted by the Maui County Executive on Aging, Kokua Council, the National Multiple Sclerosis Society, and three individuals from the Oahu Region Hawaii Health Systems Corporation. Comments on the measure were submitted by the University of Hawaii.

Your Committees find that Leahi Hospital has begun the process of developing a master plan to address the State's long-term public policy goals and is committed to continue the process that will offer opportunities to create innovative and effective models of long-term care service. Your Committees further find that a task force would bring broad expertise and support to the process, and that the appropriation is important and necessary in development of the master plan.

Your Committees have amended this measure by:

- (1) Incorporating the comments made by the University of Hawaii by including the President of the University or the President's designee as a member of the task force; 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 Human Services and Public Housing and Health that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3237, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3237, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 8. Noes, none. Excused, 2 (Hooser, Hemmings).

SCRep. 2497 Economic Development and Taxation on S.B. No. 3167

The purpose of this measure is to provide tax relief to taxpayers in the Kakaako Community Development District whose property is designated, for county property tax purposes, I-1, limited industrial, or I-2, intensive industrial.

Testimony in support of this measure was submitted by the Hawaii Business League, U. Okada & Co., Ltd., and fourteen individual citizens. Testimony in opposition of this measure was submitted by the Department of Taxation. Comments on this measure were submitted by the Hawaii Community Development Authority and the Tax Foundation of Hawaii.

Your Committee finds that providing tax relief to small businesses and small property owners in the Kakaako Community Development District located in an I-1 or I-2 district, and who are faced with escalating county industrial property tax increases, major infrastructure needs and other issues affecting their ability to continue providing a wide range of industrial, wholesaling, commercial and related services in the central Kakaako area is urgently needed. To a certain degree, tax increases are also an indirect result of higher-density condominium and retail development authorized by the state zoning agency, Hawaii Community Development

Authority (HCDA). In recent years, many of the businesses have found themselves in a Catch-22 dilemma in which they cannot achieve resolution of their needs due to the complex layers of state/county governance affecting Kakaako land use and development.

One approach the small businesses pursued previously was to seek county zoning jurisdiction over central Kakaako — a move that could have provided an opportunity to shape an industrial-zoned district to address many of these businesses' needs. However, with much of central Kakaako now being targeted for major retail/commercial growth through HCDA's mauka area land use changes, tax relief — in the form of an industrial tax credit — is the major issue facing small businesses today.

Accordingly, it is the intent of your Committee to support an industrial use tax credit to assist small business taxpayers in the Kakaako Community Development District that own I-1 or I-2 zoned properties in being able to continue their light industrial, wholesaling, or service and commercial operations.

Your Committee received a fiscal impact statement from the Department of Taxation that this measure, as introduced, would result in a revenue loss to the State of \$1,300,000 in fiscal year 2009 and \$2,500,000 annually thereafter. Their methodology is as follows:

The Hawaii Community Development Authority reports that the Kakaako district is approximately six hundred acres. In the 2006 State of Hawaii Data Book, industrial land in Honolulu totaled approximately 3,790 acres as of 1998. Assuming that figure is constant over time and that fifteen per cent of the acres in Kakaako qualifies for the credit, then three per cent of all the land in Honolulu is designated as industrial. According to the Real Property Tax Valuations prepared by the Real Property Assessment Division, approximately \$83,200,000 was collected from industrial land in fiscal year 2008. The three per cent estimate multiplied by the total Real Property Tax Valuations equals \$2,500,000 each year.

Your Committee has amended this measure by:

- (1) Providing a blank cap to the maximum real industrial property tax credit to be allowed each taxable year;
- (2) Adding recapture rules for a previously claimed credit on land that no longer qualifies for the credit;
- (3) Referencing the City and County of Honolulu zoning designations of I-1 and I-2 in section 4, number 2;
- (4) Providing an effective date of December 31, 2050, to facilitate further discussion of this measure; and
- (5) 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 and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3167, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3167, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (English).

SCRep. 2498 Commerce, Consumer Protection and Affordable Housing on S.B. No. 2187

The purpose of this measure is to appropriate funds for construction of a facility that will provide housing and services for families that are successfully transitioning through the homeless continuum on the island of Hawaii.

Testimony in support of the measure was submitted by the Hawaii Public Housing Authority, the Office of Hawaiian Affairs, the Office of the Mayor of the County of Hawaii, the Hawaii County Office of Housing and Community Development, the Hawai'i County Council, Catholic Charities Hawai'i, the Hawaii Family Forum, the Hawaii Catholic Conference, the Community Alliance Partners, Chapter Charities Hawaii, and numerous faith-based, social services, healthcare, and education organizations and private businesses.

Your Committee finds that there is a rapidly increasing homeless population on the island of Hawaii, which has created additional public health and safety issues within the county. Existing homeless shelters on the island have not kept pace with the growing homeless population. Currently, the Kawaihae shelter, consisting of twenty-four transitional units, is situated at a remote location, which creates transportation, employment, and child care challenges. This facility is a transitional, portable shelter that is scheduled to close in June, 2009.

This measure appropriates funds for the Kaloko Housing Program, which will provide for the construction of multi-family, cluster homes, as well as health and life skills training, employment training, and other necessary services for homeless families. Your Committee determines that this funding is a positive step toward helping families in need to become self-sufficient.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2187, S.D. 1, and recommends that it be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Ayes with Reservations, 1 (Trimble). Noes, none. Excused, 2 (Ihara, Sakamoto).

SCRep. 2499 Tourism and Government Operations on S.B. No. 1773

The purpose of this measure is to clarify the applicability of procurement, public meetings, open records, and financial disclosure laws to advisory committees convened to either make recommendations or expend public funds that amount to \$100,000 or more for procurement purposes.

Your Committee received testimony in support of this measure from the State Procurement Office; two Honolulu City Council Members; and one individual. Testimony in opposition was received from the Department of Accounting and General Services; Office of Information Practices; and Honolulu Department of Budget and Fiscal Services. Comments were received from the Hawaii State Ethics Commission.

The intent of this measure is to address the situation in which government executives or governmental bodies have established ad hoc “advisory committees” or similar groups that make recommendations for the procurement of goods or services. The creation of such advisory groups is not provided for under current law. Your Committee believes that at the very least, the operation of advisory groups and similar bodies should comply with the same laws that govern other governmental bodies. Your Committee finds that advisory groups are in effect tantamount to boards and commissions in the making of recommendations on procurement, although they may not have decision-making authority per se as provided in law.

Your Committee finds that such ad hoc advisory committees or similar groups should transact their business with openness, accountability, and transparency, as would any other board or commission.

Your Committee has amended this measure by:

- (1) Changing the term “advisory committee” to “selection committee” or similar entity, which testimony indicated is the correct application of the measure;
- (2) Exempting boards and commissions, and procurement selection, evaluation, and review committees, in the interest of avoiding statutory conflicts and because these groups were never intended to be covered by this measure;
- (3) Clarifying that the purchases or recommendations to purchase are on an ad hoc basis;
- (4) Amending the sections relating to open meetings and records law, rather than the general definitions sections, in the interest of targeting the application of the measure;
- (5) Making the measure apply to the counties with respect to county ethics laws;
- (6) Applying the measure retroactively to any advisory committee in existence as of date of the approval of this Act; and
- (7) Making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Tourism and Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1773, S.D. 1, as amended herein, and recommends that it be referred to the Committee on Judiciary and Labor, in the form attached hereto as S.B. No. 1773, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 1 (Trimble).

SCRep. 2500 (Joint/Majority) Economic Development and Taxation, Transportation and International Affairs and Human Services and Public Housing on S.B. No. 3165

The purpose of this measure is to clarify when and for what purposes a county may grant certain tax exemptions when planning mass transit oriented joint development projects.

Specifically, the measure specifies that counties shall not grant a general excise tax or receipt tax exemption for a mixed use transit oriented joint development project. The measure also provides a general excise tax exemption for affordable housing developments and community health care facilities within a mixed use transit oriented joint development project. Furthermore, the measure exempts operators of fixed guideway transportation systems from the general excise tax, when operated under a contract with a county.

Testimony in support of this measure was submitted by the Hawaii Association of REALTORS, the College of Social Sciences at the University of Hawaii, the Hawai‘i Alliance for Community-Based Economic Development, Environmental Planning Solutions, LLC, and one individual citizen. Testimony in opposition of this measure was submitted by the Hawaii Housing Finance and Development Corporation, the Department of Taxation, the Department of Transportation, and the Building Industry Association.

Your Committees find that the type of Transit Oriented Development contemplated in this measure is clearly within the range of Transit Oriented Developments authorized or approved by federal transit authorities. The retention of State authorization of only the general excise tax exemptions (4% only) allows the State to aggregate potential general excise tax exemption ‘savings’ with other financing mechanisms available through Housing and Finance Development Corporation of Hawaii affordable housing tools.

Your Committees appreciate the concerns raised by various state and county agencies regarding the timing of the measure, well in advance of the design and construction of the City and County of Honolulu’s mass transit system. However, your Committee believes these concerns can be addressed through a close review of the proposal from the perspective of long-standing Transit Oriented Development and federal/state/county affordable housing development practices.

The proposed combination of affordable housing or healthcare facilities enhances the State’s ability to invent “aging-in-place” strategies for areas with higher-than-average populations of senior residents, while complementing the City and County of Honolulu’s mass-transit planning and zoning designs. Communities such as Ala Moana, Kakaako, and McCully would benefit from these types of development projects.

Your Committees did not receive a fiscal impact statement from the Department of Taxation because of the difficulty of hard data on gross income received by taxpayers for the affordable rental housing projects or healthcare facility projects, but the Department did note that there would be a potential revenue loss.

Your Committees have amended this measure by:

- (1) Preserving the county surcharge tax of one-half of one per cent while authorizing the Housing and Finance Development Corporation of Hawaii to retain authorization authority for state general excise tax exemptions for affordable housing or healthcare facilities;
- (2) Assuring that City Transit Oriented Development requirements are met by any proposed affordable housing or community healthcare facility development projects; and

- (3) Requiring the development to meet federal and State requirements for affordable housing as administered by Housing and Finance Development Corporation of Hawaii.

As affirmed by the records of votes of the members of your Committees on Economic Development and Taxation and Transportation and International Affairs and Human Services and Public Housing that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3165, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3165, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs and the Majority Leader on behalf of the Committees. Ayes, 11. Noes, 1 (Slom). Excused, 3 (Ihara, Sakamoto, Trimble).

SCRep. 2501 (Joint) Public Safety and Agriculture and Hawaiian Affairs on S.B. No. 2353

The purpose of this measure is to appropriate funds to the Department of Public Safety to provide reintegration programs that combine cognitive behavioral theory with native Hawaiian holistic interventions that address domestic violence, addictions, self mastery through identity, and community connections for successful transitions back into the community.

Testimony in support of this measure was submitted by the Department of Public Safety, the Office of Hawaiian Affairs, The Institute for Human Services, the Community Alliance on Prisons, the Drug Policy Forum of Hawai'i, and five individual citizens.

Your Committees find that this measure will help to reduce the likelihood of recidivism amongst the disproportionately high number of young men and women of Hawaiian, or part-Hawaiian, ancestry that are incarcerated. The reintegration programs will educate inmates with basic cognitive and decision-making skills by using native Hawaiian intervention methods of learning.

Your Committees have amended this measure by:

- (1) Reappropriating for fiscal year 2008-2009, the \$33,000 appropriated from Act 8, Part VI, section 20, of the First Special Session Laws of Hawaii 2007, to extend the ability of the Department of Public Safety to implement the cognitive restructuring pilot program on a correctional system-wide basis, in the County of Hawaii at the Kulani Correctional Facility, Hawaii Community Correctional Center, and Hale Nani Reintegration Center. Though the Legislature authorized this appropriation for fiscal year 2007-2008, these funds were never released; and
- (2) Making technical, nonsubstantive amendments for the purpose of clarity.

As affirmed by the records of votes of the members of your Committees on Public Safety and Agriculture and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2353, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2353, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 7. Noes, none. Excused, 3 (English, Slom, Whalen).

SCRep. 2502 (Joint) Public Safety and Judiciary and Labor on S.B. No. 2083

The purpose of this measure is to increase the membership of the State Council for Interstate Adult Offender Supervision (Council), appropriate funds for a coordinator position for the Council, and allow the Judiciary to assess fees on probationer and parolee transfer applications.

Your Committees received testimony in support of this measure from the Judiciary and the Hawaii Paroling Authority.

The State Council for Interstate Adult Offender Supervision oversees Hawaii's participation in the Interstate Commission for Adult Offender Supervision, and is responsible for the development of policy concerning operations and procedures of the Commission. The rules of the Commission govern the transfer and supervision of probationers and parolees between states.

The intent of this measure is to improve the operation and effectiveness of the Interstate Commission for Adult Offender Supervision. In this regard, adding the Prosecuting Attorney of the City and County of Honolulu, the State Attorney General, and the State Public Defender to the Council, will aid oversight of interstate transfers by adding members who are intricately involved in the criminal justice system. Furthermore, imposing a fee on transfer applications, as authorized by Interstate Commission for Adult Offender Supervision Rule 4.107, is reasonable in light of the time spent in processing such transfers and to help defray the costs of the coordinator position established by this measure, which is needed to process transfers on a timely basis and in conformity with the interstate compact.

Your Committees have amended this measure on the recommendation of the Judiciary and the Hawaii Paroling Authority by:

- (1) Clarifying that fees collected shall be deposited into the general fund;
- (2) Exempting the Compact Administrator from the statutorily mandated term limit of boards and commission members;
- (3) Establishing one full-time coordinator position for the State Council for Interstate Adult Offender Supervision, to be appointed by the Judiciary; and
- (4) Changing the expending agency for the appropriation for the coordinator position from the Department of Public Safety to the Judiciary.

As affirmed by the records of votes of the members of your Committees on Public Safety and Judiciary and Labor that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2083, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2083, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 6. Noes, none. Excused, 3 (Hee, Kokubun, Sakamoto).

SCRep. 2503 (Joint) Public Safety and Judiciary and Labor on S.B. No. 1488

The purpose of this measure is to repeal the limit on the number of temporary exempt positions that the Director of Public Safety may hire for the Correctional Industries Program.

Your Committees received testimony in support of this measure from the Department of Public Safety. Testimony in opposition was received from the Hawaii Government Employees Association.

The Correctional Industries Program provides the maximum level of vocational rehabilitation opportunities for able-bodied inmates in correctional facilities, among other statutorily mandated programs and functions pursuant to section 354D-4, Hawaii Revised Statutes. Inmates in the Program are considered to be in "temporary exempt positions". This measure repeals the forty-five position limit on temporary exempt hires, thus allowing the hiring of an unlimited number of inmates.

Your Committees have amended this measure to increase the permissible number of temporary exempt positions allowed to be hired from forty-five to sixty-five, in recognition that allowing for an unlimited number of exempt positions has the potential of circumventing civil service laws as a matter of principle.

As affirmed by the records of votes of the members of your Committees on Public Safety and Judiciary and Labor that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1488, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1488, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chairs on behalf of the Committees. Ayes, 6. Noes, none. Excused, 3 (Hee, Kokubun, Sakamoto).

SCRep. 2504 Public Safety on S.B. No. 2546

The purpose of this measure is to establish a mandatory comprehensive offender reentry system under the purview of the Department of Public Safety.

Specifically, this measure makes the provisions of Act 8, First Special Session Laws of Hawaii 2007 (Act 8), which established a comprehensive offender reentry system directive, mandatory rather than "directory."

Testimony in support of this measure was submitted by the Department of Public Safety; Community Alliance on Prisons; Program Director of Maui Economic Opportunity's Being Empowered and Safe Together Reintegration Program; Office of Hawaiian Affairs; the Drug Policy Forum; and three private citizens. Testimony in opposition to this measure was submitted by the Department of Human Services. Comments were submitted by the Department of Taxation.

Your Committee finds that by assisting ex-offenders in rejoining the community, this comprehensive reentry system will reduce the number of repeat offenders, and therefore, is a worthwhile investment in public safety.

The Community Alliance on Prisons has suggested to your Committee that:

- (1) As the Department of Public Safety is responsible for providing rehabilitation programs throughout a prisoner's incarceration, the Department should be made the lead agency responsible for developing the reentry plans and the primary agency responsible for the reintegration of ex-offenders into the community; and
- (2) The Director of Public Safety's role in assisting and encouraging research into the impact on children whose parents are incarcerated should be defined to require the Director's provisions of technical assistance and data requests.

Accordingly, your Committee has amended this measure by:

- (1) Making the Department of Public Safety the lead agency responsible for the development of the reentry plans;
- (2) Making the Department of Public Safety the primary agency for providing rehabilitation programs and assistance to those entrusted in the Department's care; and
- (3) Clarifying that the Director of Public Safety is required to lend technical assistance and facilitate data requests to assist the Department of Human Services in coordinating and promoting research into the impact on children when parents are incarcerated.

As affirmed by the record of votes of the members of your Committee on Public Safety that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2546, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2546, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 1 (Whalen).

SCRep. 2505 Health on S.B. No. 3070

The purpose of this measure is to clarify court procedures on the seventy-two hour hold and extended hold process as it relates to the conditional release of persons originally committed for mental health reasons.

Your Committee received testimony in support of this measure from the Department of Health and the Hawaii Government Employees Association.

This measure is an outgrowth of Senate Concurrent Resolution No. 117, H.D.1, 2006, entitled, "Requesting the Governor to Convene a Task Force to Evaluate and Recommend Possible Procedural, Statutory, and Public Policy Changes to Minimize the Census at Hawaii State Hospital and Promote Community-Based Health Services for Forensic Patients". This measure allows the court to conduct a hearing, at or before the expiration of the seventy-two hour period of hospitalization, to determine whether the person would benefit from further hospitalization which may render a revocation of a conditional release unnecessary. The court, if satisfied at the hearing, may order further temporary hospitalization for a period not to exceed ninety days, subject to extension as appropriate, but not in any event to exceed one year. At any time within that one year period, the court may determine that another hearing should be

conducted to determine whether the conditions of release should be modified or ordered to the custody of the Director of Health to be subject to further proceedings under law for conditional release.

This measure is intended to make explicit in statute the distinction between a conditional release and a revocation of a conditional release for a period of seventy-two hours. Testimony indicated that this measure will result in decreasing the utilization of bed space at the Hawaii State Hospital by limiting the length of time of a committal pursuant to a conditional release revocation.

Your Committee has amended this measure by making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Health 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 Second Reading in the form attached hereto as S.B. No. 3070, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Whalen).

SCRep. 2506 Health on S.B. No. 2530

The purpose of this measure is to require group health issuers to offer small group health plans to self-employed individuals who are licensed by the Department of Commerce and Consumer Affairs and are located in the group health issuer's service areas.

This measure also allows limits on timing of enrollment and reenrollment to control adverse selection and plan costs.

Testimony in support of the measure was submitted by the Department of Commerce and Consumer Affairs, the Hawaii Association of Realtors, Kaiser Permanente, and the National Federation of Independent Business. Comments on the measure were also submitted by the Hawaii Medical Service Association.

Your Committee finds that health insurance coverage is an extremely important, although often expensive, necessity for individuals in our communities. Although the Hawaii Prepaid Health Care Act provides for healthcare insurance for many residents in the State, there are still a large, growing number of individuals who are without such coverage, due to cost, the nature of their work, or lack of eligibility for other reasons. This measure extends health insurance coverage to self-employed individuals who work or reside within a group health issuer's service area, unless the group health issuer is determined to lack adequate capacity for such enrollment. Your Committee determines that requiring group health issuers to provide such coverage will help to reduce the number of uninsured individuals, comprised largely of self-employed individuals.

Your Committee received testimony raising a concern with requiring group health insurers to offer all small group health plans to self-employed individuals, while the law authorizes the offering of only one small group health plan to small employers who employ only one employee. Your Committee finds that equitable treatment is warranted through the grant of discretionary authority by the Insurance Commissioner.

Accordingly, your Committee has amended this measure by:

- (1) Authorizing, rather than requiring, the Insurance Commissioner to exempt group health plans offered to small employers that employ only one employee if such plan satisfies the requirements of chapter 393, Hawaii Revised Statutes, and upon determination by the Insurance Commissioner as to the adequacy of the insurer's capacity; and
- (2) Making a technical, nonsubstantive change for purposes of clarity and to reflect preferred drafting style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2530, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2530, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Affordable Housing.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Menor).

SCRep. 2507 Health on S.B. No. 2770

The purpose of this measure is to exempt motor vehicle insurers from being required to make available to the insured, at the insured's option, personal injury protection benefits through managed care, if there are fewer than five managed care providers or equivalent entities within twenty-five miles of the claimant.

Testimony in support of the measure was submitted by the Consumer Lawyers of Hawaii and one individual. Testimony in opposition of the measure was submitted by the Department of Commerce and Consumer Affairs.

Your Committee finds that, under the current law, personal injury protection benefits that include medical treatment coverage may be offered by a motor vehicle insurer on an optional managed care basis, which is often the norm in the State. Obtaining medical treatment under a managed care program can be challenging, particularly for individuals on the neighbor islands who do not reside in close proximity to a physician who is a medical provider under the program. This measure would exempt such individuals from required treatment under a managed care program, thereby allowing timely treatment to be obtained by their private physicians.

Testimony received indicated that allowing this exemption may provide a disincentive for insurers to establish or maintain a managed care system, which ultimately would be detrimental to the consumers. Your Committee understands this concern, but believes that the issue should continue to be explored and discussed throughout the session so that appropriate action may be taken.

Your Committee has amended the measure by changing its effective date to July 1, 2050 to facilitate further discussion on the matter.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2770, as amended herein, and recommends 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 Commerce, Consumer Protection, and Affordable Housing.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, none.

SCRep. 2508 Health on S.B. No. 3017

The purpose of this measure is to by authorize the Insurance Commissioner to monitor the relationships and transactions between mutual benefit societies and their affiliates.

Testimony in support of the measure was submitted by the Department of Commerce and Consumer Protection and the Hawaii Coalition for Health. Testimony in opposition to the measure was submitted by the Hawaii Medical Service Association.

Your Committee finds that mutual benefit societies are treated differently than other insurers under the Insurance Code, which includes being subjected to limited regulation by the Insurance Commissioner. In Hawaii, several mutual benefit societies provide insurance through the extensive use of their affiliates, which raises special concerns due to the nature of such transactions. This measure increases the regulatory supervision of the Insurance Commissioner over mutual benefit societies and their relationships and transactions with affiliates. Your Committee determines that increased regulations will improve the Insurance Commissioner's ability to protect consumers from improper transactions between mutual benefit societies and their affiliates.

Your Committee has amended this measure by changing its effective date to July 1, 2050 to facilitate further discussion on the matter in light of concerns raised regarding the specificity and clarity of the increased regulation to be imposed.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3017, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3017, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Affordable Housing.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, none.

SCRep. 2509 Health on S.B. No. 3078

The purpose of this measure is to promote healthy lifestyles by encouraging worksite wellness programs by state and county governments by expressly providing workers' compensation benefits to employees injured during voluntary participation in worksite wellness programs.

Specifically, this measure grants immunity to employers from personal injury claims by an injured employee worksite wellness program participant where the employee is provided workers' compensation benefits.

Your Committee received testimony in support of this measure from the Department of Health, the Hawaii Government Employees Association, the Hawaii State Teachers Association, United Public Workers, and Consumer Lawyers of Hawaii.

Your Committee finds that worksite wellness programs have shown to promote healthy behaviors and reduce health care costs. However, the threat of liability if an employee is injured during participation in one of these programs has hindered employers from implementing them.

Your Committee has amended this measure by:

- (1) Inserting language clarifying that the immunity clause is intended to apply to worksite wellness program participants, and not to third parties; and
- (2) Making technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3078, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3078, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, none.

SCRep. 2510 Economic Development and Taxation on S.B. No. 2315

The purpose of this measure is to clarify that each corporate or other attorney-in-fact of a reciprocal insurer is subject to all taxes imposed upon corporations or others doing business in the State, other than taxes on income or gross receipts derived from its principal business as attorney-in-fact.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs and Property and Casualty Insurers of America. Comments were received from the Tax Foundation of Hawaii.

The intent of this measure is to ensure that:

- (1) A reciprocal insurer and its attorney-in-fact are treated as a single entity for tax purposes; and
- (2) The general excise tax exemption applies to "insurers", rather than to "insurance companies".

Your Committee finds that fair treatment should be afforded to reciprocal insurers and their attorneys-in-fact. This measure assures that reciprocal insurers and their policyholders are given the same exemption from the general excise tax on gross premiums that is extended to insurers that operate under other business structures.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2315, S.D. 1, and recommends that it be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (English).

SCRep. 2511 Economic Development and Taxation on S.B. No. 591

The purpose of this measure is to update and recodify the State's capital goods excise tax credit.

Testimony in support of this measure was submitted by the Department of Taxation and one individual citizen. Comments on this measure were submitted by the Tax Foundation of Hawaii.

Your Committee finds that this measure provides an appropriate vehicle for refinements to the capital goods excise tax credit. This measure is intended to implement the requirements of Senate Concurrent Resolution No. 115, adopted during the 2007 session, to "redraft the capital goods excise tax credit to remedy old references to repealed law and to incorporate the current status of the Internal Revenue Code." Deleting outdated references to outdated law and incorporating the current Internal Revenue Code will help taxpayers implement and understand the capital goods excise tax credit.

Your Committee has also incorporated provisions to extend the capital goods excise tax credit to include "canned" computer software, and clarified the application of the credit to include installation as an integral part of any acquisition of hardware and software for business purposes. Accordingly, it is the intent of your Committee to recodify and update the capital goods excise tax credit.

Your Committee did not receive a fiscal impact statement from the Department of Taxation because this measure did not represent a substantive change in the way that the capital goods excise tax is administered, but to provide amendments that clarify existing law by eliminating outdated references.

Accordingly, your Committee has amended this measure by:

- (1) Redrafting the tax credit as a new part in chapter 235, Hawaii Revised Statutes, to further facilitate the ease of implementation and interpretation;
- (2) Adding a definition for "computer software";
- (3) Including "computer software" as eligible depreciable tangible personal property; and
- (4) Making technical, nonsubstantive amendments for the purpose of clarity.

Your Committee notes that the amendments to this measure will enable taxpayers to correctly put into practice the principles of the capital goods excise tax credit.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 591, 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. 591, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (English).

SCRep. 2512 (Joint) Human Services and Public Housing and Health on S.B. No. 3257

The purpose of this measure is to require the Department of Human Services to provide presumptive eligibility to Medicaid or QUEST eligible waitlisted patients.

Testimony in support of this measure was submitted by the Hawaii Disability Rights Center, the Hawaii Long Term Care Association, Hawaii Pacific Health, and the Healthcare Association of Hawaii. Oral testimony in opposition to this measure was submitted by the Department of Human Services.

Your Committees find that on any given day, as many as two hundred and seventy five individuals are waitlisted for transfer to long term care facilities, and can wait as long as a year to be discharged. Your Committees further find that all avenues must be explored to resolving this serious waitlist dilemma, including providing certain patients with presumptive eligibility for Medicaid.

Your Committees have amended this measure by:

- (1) Amending the effective and sunset dates to facilitate further discussion; 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 Human Services and Public Housing and Health that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3257, S.D. 1, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.B. No. 3257, S.D. 2.

Signed by the Chairs on behalf of the Committees. Ayes, 7. Noes, none. Excused, 3 (Hooser, Sakamoto, Whalen).

SCRep. 2513 (Joint/Majority) Human Services and Public Housing and Health on S.B. No. 3258

The purpose of this measure is to establish reimbursement guidelines and provide appropriations for Medicaid hospital and long term care reimbursements.

Testimony in support of this measure was submitted by the Hawaii Disability Rights Center, the Hawaii Long Term Care Association, Hawaii Health System Corp. Oahu Regional Board, and the Healthcare Association of Hawaii. Testimony in opposition to this measure was submitted by the Department of Human Services.

Your Committees find that adjustment in Medicaid payments would improve the flow of patients from acute hospitals to long term care facilities, which would help to alleviate a waitlist backlog that hundreds of patients are currently facing.

Your Committees have amended this measure by:

- (1) Incorporating the comments made by the Healthcare Association of Hawaii to amend the rate at which long term care facilities would be reimbursed, add a definition of "medically complex condition", add one appropriation amount of \$6,500,000, and change the expending agency of both appropriation sections from the Department of Health to the Department of Human Services; 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 Human Services and Public Housing and Health that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3258, S.D. 1, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.B. No. 3258, S.D. 2.

Signed by the Chairs on behalf of the Committees. Ayes, 6. Noes, 1 (Hemmings). Excused, 3 (Hooser, Sakamoto, Whalen).

SCRep. 2514 (Majority) Energy and Environment on S.B. No. 2629

The purpose of this measure is to prohibit the use of polystyrene food containers by restaurants and takeout food operations.

Specifically, this measure:

- (1) Prohibits the use of polystyrene foam takeout food containers beginning January 1, 2010;
- (2) Requires the Department of Health to create a list of alternatives to polystyrene containers and make the information available to the public; and
- (4) Makes an appropriation of funds to implement and support the measure.

Testimony in support of this measure was submitted by KAHEA: The Hawaiian-Environmental Alliance, Styrophobia, Conservation Council for Hawaii, Sierra Club, World Centric, Sustainable Island Products, Uahi Island Grill, and 194 private citizens. Testimony in opposition to this measure was submitted by the Director of Health, American Chemistry Council, Hawaii Food industry Association, and Hawaii Foam Products LLC. Comments were submitted by the Hawaii Restaurant Association.

Your Committee notes that over forty employees of the Hawaii Foam Products LLC were in attendance at the hearing.

Your Committee finds that it is in the interest of protecting the public health and safety to prohibit the use of polystyrene food containers by restaurants and take-out food operations.

Your Committee further finds that there are several unaddressed issues related to this measure that require further discussion and consideration; specifically:

- (1) The context and content of laws, rules, and regulations that restrict or ban polystyrene foam products in other states and municipalities;
- (2) The collection and analysis of data regarding the amount of polystyrene foam and the types of polystyrene foam products being currently disposed of in landfills and incinerated in the HPOWER waste-to-energy facility;
- (3) The extent to which polystyrene foam is creating pollution related adversity throughout the State, especially in regards to landfill use and improper disposal (littering);
- (4) The establishment of an appropriate transition period to allow time for businesses providing polystyrene products and equipment, to upgrade facilities, minimize economic loss, and prevent loss of employment opportunities; and
- (5) An understanding of the availability of alternative products, the associated costs of the alternative products, and the effect of the measure on alternative product costs, especially in consideration of supply and demand economics and the effect of further advances in related technology.

Accordingly, your Committee has amended this measure by:

- (1) Appropriating an unspecified amount to allow for further discussion and consideration;
- (2) Removing an exemption for packaging for hot beverages;
- (3) Requiring the Department of Agriculture to evaluate and report to the Legislature regarding the feasibility and potential for the production of biodegradable disposable food service-ware products within the State;
- (4) Requiring the Department of Health to submit a report to the Legislature recommending any needed changes to the ban imposed by this measure, including whether the ban should be modified or extended to other products;
- (5) Removing the effective date; and
- (6) 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 Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2629, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2629, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, 1 (Trimble). Excused, 1 (Kokubun).

SCRep. 2515 (Majority) Energy and Environment on S.B. No. 2711

The purpose of this measure is to permit the Department of Health to distribute excess moneys in the Deposit Beverage Container Deposit Special Fund to the counties to support the establishment and maintenance of recycling programs.

Testimony in support of this measure was submitted by Director of the Honolulu Department of Environmental Services and the Office of the Mayor, County of Kauai. Comments were submitted by the Director of Health and the Anheuser Busch Companies.

Your Committee finds that much remains to be accomplished in making recycling easier and more accessible to the public, and in managing solid waste and reducing the waste disposed of in landfills. Additional funds could be used, for example, for community recycling bins, establishing public recycling receptacles, and curbside recycling. This measure is one of the options and as such, it merits further discussion and consideration.

Accordingly, your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 2050, to ensure further discussion and consideration; and
- (2) 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 Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2711, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2711, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, 1 (Trimble). Excused, 1 (Kokubun).

SCRep. 2516 Energy and Environment on S.B. No. 3144

The purpose of this measure is to establish the goal of reducing the amount of solid waste entering the State's waste stream by seventy-five per cent by the year 2012.

Testimony in support of this measure was submitted by Department of Health, the Sierra Club Hawai'i Chapter, and one private citizen. Testimony in opposition to this measure was submitted by the City and County of Honolulu Department of Environmental Services. Comments on the measure were submitted by the University of Hawaii Environmental Center, and the Windward Ahupua'a Alliance.

Your Committee finds that since 1999, trash from households increased by over thirty per cent on Oahu alone. Hawaii residents generate more than six pounds of trash per day, which is forty-one per cent higher than the national average of 4.4 pounds. Your Committee further finds that reducing the amount of solid waste entering the waste stream is a laudable goal from which the environment and future generations will benefit.

Your Committee has amended this measure by incorporating the comments made by the Department of Health by:

- (1) Removing the section requiring the counties to incorporate the revised goals by 2010; and
- (2) Removing the section authorizing the Director of Health to adopt rules to provide appropriate penalties for a county's failure to achieve the goals in a timely manner.

As affirmed by the record of votes of the members of your Committee on Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3144, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3144, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Ihara, Kokubun).

SCRep. 2517 Energy and Environment on S.B. No. 2630

The purpose of this measure is to promote transparency of the pricing methods used by the Hawaii petroleum industry by expanding the amount of information collected by the Public Utilities Commission (Commission) and requiring publishing of collected industry information and gas prices.

Specifically, this measure amends the Petroleum Industry Reporting Act (Act) to:

- (1) Expand the information required to be reported to the Commission to include the average crude oil cost and the average wholesale gasoline prices charged by the distributor for each class of trade, including but not limited to, the bulk, rack, and dealer tank wagon transactions of each distributor; and
- (2) Require the Commission to publish the information it receives from the petroleum industry under the Act and the average retail price of gasoline for each island.

Testimony in support of this measure was submitted by two private citizens. Testimony in opposition to this measure was submitted by the Western States Petroleum Association and Akana Petroleum. Comments were submitted by the Chairperson of the Public Utilities Commission; Aloha Petroleum, Ltd.; and Mid Pac Petroleum, LLC.

Your Committee finds that:

- (1) Due to the geographically isolated nature of the State, Hawaii is a captive market that inherently lacks the benefit of full and open competition in the petroleum market. It has been previously acknowledged in Hawaii's courts that gasoline prices are artificially high due to a lack of vigorous competition in the oligopolistic wholesale gasoline market in the State (*Anzai v. Chevron et al.*, *Chevron U.S.A., Inc. v. Cayetano*, Civil No 97-00933). This adversely affects fair trade in an industry of vital importance to the welfare of the people of Hawaii;

- (2) Hawaii consumers continue to pay some of the highest gas prices in the country, which negatively impacts both consumers and the overall State economy. Aside from personal transport related costs, through product distribution channels and business overhead costs, high gasoline prices also influence the retail price of goods and services throughout the State; and
- (3) Therefore, in order to understand the factors influencing gasoline cost and to gain the ability to determine the need for additional regulation by policy makers, the public has a strong and legitimate interest in obtaining information associated with the pricing methods of the petroleum industry.

Your Committee further finds that this measure uses the least restrictive means and is narrowly tailored to advance the legitimate State interest of encouraging fair trade practices by promoting transparency of the pricing methods used by the Hawaii petroleum industry.

The Public Utilities Commission has suggested to your Committee that the measure lacks several industry definitions that the Commission uses in its PIMAR Weekly Petroleum Product Transaction Report (Form W-130).

Your Committee has amended this measure by:

- (1) Changing the definitions for “bulk sales”, “dealer tank wagon” and “rack sales” to conform with definitions currently used by the Commission;
- (2) Narrowing the information to be published to only include the certified statement of each distributor;
- (3) Requiring the Commission to publish collected information weekly, and, by island and company;
- (4) Adding a severability clause to protect the integrity of the remainder of the measure if any provision is invalidated or suspended; and
- (5) 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 Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2630, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2630, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Affordable Housing.

Signed by the Chair on behalf of the Committee. Ayes, 3. Ayes with Reservations, 1 (Trimble). Noes, none. Excused, 2 (Ihara, Kokubun).

SCRep. 2518 Energy and Environment on S.B. No. 2985

The purpose of this measure is to expand the successful “Pay As You Save” solar water heater program to include photovoltaic systems that convert sunshine into electricity.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development and Tourism, Department of Commerce and Consumer Affairs, Sierra Club, Hawaii Renewable Energy Alliance, Hawaii Solar Energy Association, and one individual. Hawaiian Electric Company, Hawaii Electric Light Company, and Maui Electric Company submitted testimony with reservations.

Your Committee finds that inclusion of photovoltaic systems in the Pay As You Save Program will make the purchase of these renewable energy systems more accessible to homeowners. Under the Pay As You Save Program, homeowners do not have to pay the full cost of their residential photovoltaic systems upfront. Instead, they can spread the cost over time by paying in installments through their electricity bills. This will result in lower electricity bills for these homeowners, reduced reliance on generation from fossil fuels, and increased sustainability throughout the State.

Your Committee has amended this measure by:

- (1) Requiring implementation by December 31, 2009, to provide the electric utilities with sufficient time to have tariffs in place and to comply with the notice requirements of section 269-12(b), Hawaii Revised Statutes; and
- (2) 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 Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2985, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2985, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Affordable Housing.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Kokubun).

SCRep. 2519 (Joint/Majority) Energy and Environment and Transportation and International Affairs on S.B. No. 2808

The purpose of this measure is to clarify that an environmental assessment shall not be required for an action that proposes the use of state or county lands or the use of state or county funds, if the use of the state or county land or the expenditure of state or county funds is limited to an existing public street, road, or highway for an easement, drainage, waterlines, access improvements, utility right of way, or the like.

Testimony in support of this measure was submitted by the Department of Transportation; the City and County of Honolulu, Department of Planning; the County of Hawaii Planning Department; Building Industry Association of Hawaii; Coalition of Hawaii Engineering and Architectural Professionals; AIA Hawaii State Council; Hawaii Association of Realtors; General Growth Properties; General Contractors Association of Hawaii; The Chamber of Commerce of Hawaii; Kiewit Building Group; The Gas Company; National Association of Industrial and Office Properties; Hawaii Business Roundtable; Maui Contractors Association; Central Pacific

Bank; Hawaii Island Chamber of Commerce; Maui Chamber of Commerce; Pahio Development, Inc.; Ralph S. Inouye Co., Ltd.; Austin, Tsutsumi & Associates, Inc.; HSI Mechanical, Inc.; Cooper and Cooper LLC; Associated Builders and Contractors of Hawaii; Hawaiian Dredging Construction Company; Hawaii Building and Construction Trades Council, AFL-CIO; KSD Hawaii; Royal Contracting Co., Ltd.; Plumbers and Fitters Local 675; Hawaii Developers Council; Land Use Research Foundation of Hawaii; and five individuals. Testimony in opposition to this measure was submitted by the Sierra Club Hawaii Chapter; Sierra Club, Oahu Group; Na Leo Pohai, The Outdoor Circle; Earth Justice; Hawaii's Thousand Friends; and twenty-one individuals. Comments on the measure were submitted by the Office of Environmental Quality Control; Environmental Center of the University of Hawaii at Manoa; and Life of the Land.

Your Committees find that under current interpretation of the environmental impact law, any action involving the use of a right of way involving a state or county road may trigger an environmental impact assessment or an environmental impact statement. This measure would provide for some flexibility under limited conditions.

Your Committees have amended this measure by:

- (1) Adding an exemption for a modification or disposal of highway access rights or use, occupancy, or work within a public highway right-of-way to serve private development outside the highway right-of-way; provided that the proposed development outside the highway right-of-way does not involve any action by the state Land Use Commission or Board of Land and Natural Resources; the use of five or more acres of land that has not been disturbed by intensive human uses since 1840; or any use of plants or animals that are not, but potentially could become established in Hawaii;
- (2) Clarifying that all exemptions authorized under the new section are inapplicable when the cumulative impact of planned successive actions in the same place, over time, is significant, or when an action that is normally insignificant in its impact on the environment may be significant in a particularly sensitive environment; and
- (3) Making the effective date July 1, 2050, for the purpose of further discussion, and repealing the Act after one year.

As affirmed by the records of votes of the members of your Committees on Energy and Environment and Transportation and International Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2808, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2808, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Signed by the Chair and the Majority Leader on behalf of the Committees. Ayes, 8. Ayes with Reservations, 3 (Gabbard, Kokubun, Tsutsui). Noes, 2 (Hooser, Ihara). Excused, none.

SCRep. 2520 (Majority) Energy and Environment on S.B. No. 2404

The purpose of this measure is to:

- (1) Require that fifty per cent of the inspection, quarantine, and eradication service fees and charges collected be allocated to the Department of Land and Natural Resources for the Invasive Species Council;
- (2) Include air commercial container shipment inspections for invasive species; and
- (3) Raise the fee for inspection, quarantine, and eradication of invasive species contained in any marine or air commercial container shipment from \$1 to \$10 per twenty-foot equivalent unit per container or other appropriate unit per container.

Testimony in support of this measure was submitted by the University of Hawaii, Environmental Center; Hawaii Audubon Society; Conservation Council for Hawaii; Malama O Puna; and eleven private citizens. Testimony in opposition to this measure was submitted by The Chamber of Commerce of Hawaii and Horizon Lines, LLC. Comments were submitted by the Chairperson, Board of Agriculture; Chairperson of the Board of Land and Natural Resources; Department of Transportation; Alexander & Baldwin, Inc. and Matson Navigation Company, Inc.; and The Nature Conservancy.

Your Committee finds that this measure will greatly facilitate efforts by the State agencies involved in the control and eradication of invasive species and reduce the need for special funding for specific control efforts.

The Nature Conservancy has suggested to your Committee that this measure may conflict with federal law, as fees collected by the states at ports of entry must generally be used to support the facilities or services provided by the State at or related to the port of entry.

Alexander & Baldwin, Inc. has suggested to your Committee that, as the measure imposes fees only on marine containerized cargo, the fees should also be imposed on other modes of shipment and transportation.

Accordingly, your Committee has amended this measure by:

- (1) Requiring the Invasive Species Council to use the fees to support facilities or services provided by the State at or related to the applicable port of entry;
- (2) Broadening the scope of the invasive species fee to include non-containerized maritime and air cargo; and
- (3) Changing its effective date to July 1, 2050, to ensure further discussion and consideration.

As affirmed by the record of votes of the members of your Committee on Energy and Environment 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 referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, 1 (Trimble). Excused, 1 (Kokubun).

SCRep. 2521 Energy and Environment on S.B. No. 2329

The purpose of this measure is to authorize the issuance of special purpose revenue bonds for Hui Mana'Oma'o.

Your Committee received testimony in support of this measure from Hui Mana'Oma'o, LLC. Comments were received from the State Attorney General.

Your Committee finds that it is in the public interest to encourage the development of facilities to convert renewable energy resources into electrical energy to be made available for consumption by the general public. Hui Mana'Oma'o is engaged in the development of facilities to convert potential renewable energy resources into electrical energy to be made available for consumption by the general public. Your Committee finds that such encouragement is urgently needed on the island of Oahu, where more than \$2,000,000 is spent daily on imported fossil fuels for the generation of electricity.

As affirmed by the record of votes of the members of your Committee on Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2329 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Ihara, Kokubun).

SCRep. 2522 (Majority) Energy and Environment on S.B. No. 2841

The purpose of this measure is to require retail dealers with more than 75,000 square feet of retail space to operate redemption centers under the Deposit Beverage Container Program.

Testimony in support of this measure was submitted by the Department of Health, Department of Environmental Services of the City and County of Honolulu, Sierra Club, and Conservation Council for Hawai'i. Testimony in opposition to this measure was submitted by the Retail Merchants of Hawaii and Hawaii Food Industry Association.

Your Committee finds that this measure will increase the opportunities for beverage container deposit redemption, therefore making it more convenient for consumers to participate in the Deposit Beverage Container Program.

As affirmed by the record of votes of the members of your Committee on Energy and Environment 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 placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 3. Ayes with Reservations, 1 (Kokubun). Noes, 1 (Trimble). Excused, 1 (Ihara).

SCRep. 2523 (Majority) Economic Development and Taxation on S.B. No. 2225

The purpose of this measure is to provide measures to assist in alleviating the problems of housing and homelessness in the State.

Specifically, this measure:

- (1) Repeals the sunset date for the allocation of the conveyance tax under section 247-7, Hawaii Revised Statutes, into the Rental Housing Trust Fund established under section 201H-202, Hawaii Revised Statutes, thus making the allocation permanent;
- (2) Appropriates the sum of \$2,000,000 to the Hawaii Public Housing Authority to conduct repair and maintenance on public housing projects;
- (3) Authorizes general obligation bonds in the sum of \$40,200,000 for the Hawaii Public Housing Authority to conduct capital improvement projects to repair and renovate public housing;
- (4) Appropriates the sum of \$1,500,000 to the Hawaii Public Housing Authority to provide security in public housing projects;
- (5) Appropriates the sum of \$5,300,000 to the Hawaii Public Housing Authority to provide outreach or support services to unsheltered homeless, at-risk homeless, and those residing in homeless facilities; and
- (6) Authorizing general obligation bonds in the sum of \$32,000,000 for the Hawaii Public Housing Authority to fund homeless facilities, emergency shelters, and transitional shelters on the islands of Oahu and Hawaii.

Your Committee received testimony in support of this measure from the Department of Taxation; Hawaii Housing Finance and Development Corporation; Hawaii County Office of Housing and Community Development; Neighborhood Board #8, McCully-Moilili; Catholic Charities Hawai'i; Friends of Pai'olu Kaiulu; Partners in Care; Hawaii Association of Realtors; and Hawaii Habitat for Humanity. Comments were received from the Tax Foundation of Hawaii.

The most recent estimate of the total number of homeless persons in Hawaii is 6,029 on any given day, which does not reflect the number of people who are considered "hidden homeless" or those who are at-risk of homelessness. Homelessness and the lack of affordable housing are two crises that continue to be significant and challenging social problems in the State.

This measure provides additional funds, including extending the allocation of the conveyance tax into the Rental Housing Trust Fund, will aid in addressing the homelessness problem in the State.

The Department of Taxation stated that there will be no impact on overall tax collections, however, the allocation of funds will be affected. There is an expected general fund tax revenue loss of approximately \$11,700,000 for fiscal year 2009 and annually thereafter. The Rental Housing Trust Fund will increase by the same amount. The general fund expenditures are expected to increase by \$8,800,000, however, this will not impact revenue because these expenditures are by means of bonds.

According to the Department of Taxation's Annual Report, total conveyance tax revenue for fiscal year 2007 was \$46,900,000. It was expected that after Act 100, Session Laws of Hawaii 2006, was repealed, an additional twenty-five per cent of the conveyance tax revenue would be deposited into the general fund. This amount is therefore assumed to be revenue lost as a result of making the conveyance tax allocation to the Rental Housing Trust Fund permanent.

Your Committee has amended this measure by changing the effective date to July 1, 2050, to continue the discussion on this matter.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2225, 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. 2225, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, 1 (Slom). Excused, 1 (English).

SCRep. 2524 Economic Development and Taxation on S.B. No. 2764

The purpose of this measure is to encourage the construction and operation of large-capacity ethanol production facilities by:

- (1) Repealing the qualifying capacity limits of ethanol production facilities;
- (2) Providing a vehicle to change the total ethanol facility tax credits allowed per year; and
- (3) Repealing the sunset provision with respect to the total nameplate capacity for qualifying ethanol production facilities.

Testimony in support of this measure was received from Alexander & Baldwin, Inc. The Department of Business, Economic Development, and Tourism; the Department of Taxation; and the Tax Foundation of Hawaii submitted comments.

Your Committee finds that this measure would support the State's goal of increasing ethanol production and use in Hawaii by providing additional flexibility for the industry. Your Committee has heard concerns regarding the cap and finds this is an issue that will benefit from additional legislative deliberation.

Your Committee has amended this measure accordingly, by making the effective date July 1, 2025, for the purpose of further discussion.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2764, 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. 2764, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (English).

SCRep. 2525 Economic Development and Taxation on S.B. No. 2300

The purpose of this measure is to establish a tax credit for teachers for professional development and training programs.

Your Committee received testimony in support of this measure from the Department of Taxation, Department of Education, and Kamehameha Schools. Comments were received from the Tax Foundation of Hawaii.

Your Committee finds that Hawaii is experiencing a drastic teacher shortage, wherein the recruitment and retention of qualified teachers is of the utmost importance to the future of our education and our State. Your Committee further finds that the provision of incentives in varying manners will help in the battle to keep and attract qualified educators in the State. This measure provides a tax credit to public school teachers for their professional development and training expenses.

The Department of Taxation stated that this measure will result in an indeterminate revenue estimate because the credit cap is unspecified. However, the Department estimated annual revenue losses based upon various scenarios of credit caps:

Credit of \$2,500	Revenue loss of \$25,000,000
Credit of \$1,000	Revenue loss of \$10,000,000
Credit of \$500	Revenue loss of \$5,000,000

The revenue impact estimates assume that teachers will take the credit up to the maximum allowable per year. There are approximately 11,000 teachers in Hawaii. From individual school budget statements, it is estimated that ninety per cent of teachers are non-resource-teachers that would meet the seventy per cent classroom-time restriction. Thus, with 9,900 eligible teachers, with a one hundred per cent participation rate, the annual revenue cost would be (credit limit) x 9,900. For credit limits below \$2,500, the credit should fall under the tax liability of most qualified teachers, thus carry-over effects can be ignored.

Accordingly, your Committee has amended this measure by making the amount of the credit unspecified in the interests of continuing the discussion.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2300, 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. 2300, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (English).

SCRep. 2526 Economic Development and Taxation on S.B. No. 2766

The purpose of this measure is to allow an income tax credit for the owner of a retail station for the actual cost of installation of E-85 fueling facilities.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism, and Aloha Petroleum, Ltd. Comments were received from the Department of Taxation and the Tax Foundation of Hawaii.

Your Committee finds that the current obstacle to the establishment of E-85 fueling stations in Hawaii is most likely the required certification of the dispensing equipment by Underwriters Laboratory. Testimony indicated that the Honolulu Fire Department denied a local fuel company's application for installation because the equipment had not yet been approved by Underwriters Laboratory. The

difficulty in obtaining certification of equipment may discourage dealers from installing equipment. The provision of a tax credit may motivate the effort.

Your Committee has amended this measure on the recommendation of the Department of Taxation for preciseness and clarity. Your Committee has also defined the "actual cost of installation" to mean the plans, design, construction, and materials necessary to put in place an E-85 fueling facility at a site.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2766, 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. 2766, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (English).

SCRep. 2527 Economic Development and Taxation on S.B. No. 2623

The purpose of this measure is to clarify that the renewable energy technologies income tax credit applies to solar electric energy systems, including solar thermal electric and photovoltaic systems, and to solar thermal energy systems, including solar water heating, solar air conditioning, solar space heating, solar drying, and solar process heat systems.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism; Hawaii Energy Policy Forum; and Hawaii Solar Energy Association. Comments were received from the Department of Taxation and the Tax Foundation of Hawaii.

The intent of this measure is to expand the renewable energy technologies income tax credit to cover more technologies that have been developed over the course of time. Your Committee finds that this measure will enhance the achievement of the State's renewable energy goals, and is consistent with the State's energy sustainability guidelines.

The Department of Taxation found that this measure will not have an impact on the general fund. It is assumed that all "solar electric" systems would have previously qualified under "solar thermal" or "photovoltaic." This measure adds detail but does not change what is commonly understood to be included under the meaning of "solar thermal".

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2623 and recommends that it be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (English).

SCRep. 2528 (Majority) Economic Development and Taxation on S.B. No. 2501

The purpose of this measure is to repeal the \$2 a day rate of the rental motor vehicle surcharge tax, in effect from September 1, 1999, to August 31, 2008, retaining the \$3 a day rate.

Testimony in support of this measure was received from the Department of Taxation, the Department of Transportation, and the Cement and Concrete Products Industry of Hawaii. Catrala-Hawaii and The Hertz Corporation testified in support, with amendments. The Tax Foundation of Hawaii submitted comments.

Your Committee finds that under current law, the rental motor vehicle surcharge tax of \$3 per day will drop to \$2 per day after August 31, 2008. Maintaining the \$3 a day rate will build reserves in the State Highway Fund, which is critical to maintaining Hawaii's transportation infrastructure.

The Department of Taxation has testified that this measure will have no revenue impact on the general fund. However, the State Highway Fund will increase by \$13,300,000 in fiscal year 2009 (ten months), and \$16,000,000 in fiscal year 2010 and thereafter. Currently, the \$3 a day rental vehicle surcharge tax yields about \$48,000,000 annually. This total includes the taxes on other tour vehicles, such as vans and buses, but the taxes on these other vehicles account for less than one per cent of the total.

Your Committee finds that the fiscal resources this measure would provide should be considered in relation to other measures that would impact the State Highway Fund. Your Committee has amended this measure accordingly, by:

- (1) Replacing the \$3 a day rate with a blank amount; and
- (2) Making the effective date July 1, 2025, for the purpose of continuing discussions.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation 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 be referred to the Committee on Ways and Means, in the form attached hereto as S.B. No. 2501, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, 1 (Slom). Excused, 1 (English).

SCRep. 2529 Economic Development and Taxation on S.B. No. 2981

The purpose of this measure is to reduce the term in which state low-income housing tax credits are claimed from ten to five years, and to enact provisions to implement and administer tax procedures for claiming the credit.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism; Department of Taxation; Hawaii Association of Realtors; and Castle & Cooke Hawai'i. Comments were received from the Tax Foundation of Hawaii.

Your Committee recognizes that affordable housing is an important issue. To effectively eliminate the affordable housing crisis, sufficient incentives must be available in order to leverage public-private partnerships to construct additional housing in Hawaii.

Through the use of low-income housing tax credit, partnerships between the State and private developers are leveraged through attractive tax incentives that subsidize investments in projects.

The intent of this measure is to reduce the horizon of years over which the low-income housing tax credit must be claimed. This makes the credit far more attractive to investors, and more useful to project partnerships because cash from government is released in a much shorter time.

The revenue estimate of the Department of Taxation is:

FY2009	(loss):	none;
FY2010	(loss):	\$1,250,000;
FY2011	(loss):	\$2,500,000;
FY2012	(loss):	\$3,130,000;
FY2013	(loss):	\$3,250,000.

Absent this measure, state low-income housing tax credits for new developments issued in 2007 would total \$1,250,000 in tax year 2009. The proposal would increase this to \$2,500,000, which would result in net decreased tax revenue of \$1,250,000 for fiscal year 2010. The net cost for additional years includes the additional credit from new investments in that particular year, along with the additional credits awarded from previous years investments.

Your Committee has amended this measure by correcting a statutory cross-reference, clarifying references to sections of the Internal Revenue Code.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2981, 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. 2981, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (English).

SCRep. 2530 Economic Development and Taxation on S.B. No. 2986

The purpose of this measure is to make the renewable energy technologies income tax credit a refundable tax credit if certain conditions are met.

Your Committee received testimony in support of this measure from the Department of Taxation; Department of Business, Economic Development, and Tourism; Hawaiian Electric Company, Inc. and its subsidiaries, Maui Electric Company, Ltd. and Hawaii Electric Company, Inc.; and Hawaii Solar Energy Association. Comments were received from the Tax Foundation of Hawaii.

Under current Hawaii law, pension income, including social security income, is not taxable. This population includes retirees that may have little other Hawaii taxable income (such as investment income) due to the exclusion, but otherwise have the resources to invest in renewable energy technologies. This measure allows such individuals to obtain those technologies with the aid of a refundable income tax credit. Eligible taxpayers include those whose entire income is exempt from taxation, or those whose adjusted gross income is \$20,000 or less (husband and wife on a joint return are considered as separate taxpayers, which allows them a combined threshold amount of \$40,000).

The Department of Taxation stated that the annual revenue loss is estimated to be \$41,000, starting in fiscal year 2009. Their estimate in using \$20,000 or less, or \$40,000 or less for joint filers, is based on 2005 renewable energy tax credit data. The total credit claimed was \$117,304.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2986, S.D. 1, and recommends that it be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (English).

SCRep. 2531 Economic Development and Taxation on S.B. No. 2816

The purpose of this measure is to provide priority assignment of mooring space for a new ferry service from Ma'alaea Harbor Lahaina, and to provide an exemption from the fuel tax for fuel purchases for the ferry service.

Your Committee received testimony in opposition to this measure was received from the Pacific Whale Foundation. Comments were received from the Department of Land and Natural Resources.

This measure would provide an alternative emergency transportation system should the only highway in West Maui be closed, as well as more convenient travel for residents of Lana'i and West Maui. To succeed, any ferry route to and from Ma'alaea Harbor and Lahaina requires priority assignment of mooring space, and the added fuel costs of the route would require an exemption from the fuel tax for the ferry service.

The Department of Taxation testified before the Committee on Transportation and International Affairs that this measure will result in a revenue loss of approximately \$13,500, beginning in fiscal year 2009.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2816, S.D. 1, and recommends that it be referred to the Committee on Ways and Means.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (English).

SCRep. 2532 Economic Development and Taxation on S.B. No. 3251

The purpose of this measure is to establish a task force to study the adequacy of funding for education in the State and to develop estimates and methods for meeting funding needs. This measure also establishes a tax credit for volunteer services performed for the public schools or the University of Hawaii.

Testimony in support of this measure was submitted by the Hawaii Association of Independent Schools, the Hawai'i Business Roundtable, the Hawai'i Alliance for Community-Based Economic Development, the Hawaii State Teachers Association, and Imperium Renewables. Testimony in opposition of this measure was submitted by the Department of Education and the Department of Taxation. Comments on the measure were submitted by the Tax Foundation of Hawaii.

Your Committee finds that permitting some taxpayers to interpret whether their voluntary services are eligible for the tax credit would likely be problematic. The Department of Taxation raised additional concerns over implementation of the tax credit.

Accordingly, your Committee does not support providing a tax credit for volunteer services performed by taxpayers for public schools or the University of Hawaii.

Your Committee has amended this measure by:

- (1) Deleting the tax credit for volunteer services performed at a public school or the University of Hawaii; and
- (2) 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 and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3251, 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. 3251, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (English).

SCRep. 2533 Economic Development and Taxation on S.B. No. 2660

The purpose of this measure is to provide a taxable deduction for taxpayers in Hawaii who contribute to section 529 college savings plans and also to require Hawaii financial institutions to make information on the section 529 plans available to interested persons.

Testimony in support of this measure was submitted by the Department of Taxation, the Department of Budget and Finance, the Securities Industry and Financial Markets Association, Upromise Investments, Inc., Morgan Stanley, the Hawaii Credit Union League, and one individual citizen. Comments on this measure were submitted by the Tax Foundation of Hawaii.

Your Committee finds that supporting a measure for tax deductible contributions to a section 529 college savings account is in the best interest of helping to educate Hawaii's students. Clarifying the amounts that taxpayers are eligible to deduct will aid Hawaii's taxpayers in complying with section 529 of the Internal Revenue Code and also help Hawaii's families with planning for the future education of their children.

Accordingly, it is the intent of your Committee to support a tax deduction for taxpayer contributions to a section 529 college savings plan.

Your Committee received a fiscal impact statement from the Department of Taxation that this measure, as introduced, would result in an annual revenue loss to the State of approximately \$1,000,000. Their methodology is as follows:

There were a total of 3,300 section 529 college savings plan accounts in Hawaii calendar year 2007. They estimated an additional 100 accounts to be opened in calendar year 2008, thus a total of 3,400 accounts at the end of 2008. Assuming each account is for an individual, each account has the maximum deductible contribution of \$5,000, and a tax rate of six per cent, the annual loss in revenue to the State is \$1,000,000.

Your Committee has amended this measure by:

- (1) Adding clarifying language that limits the maximum tax deduction to a taxpayer's contribution during the taxable year;
- (2) Changing the effective date to facilitate further discussions on this measure; and
- (3) 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 and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2660, 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. 2660, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (English).

SCRep. 2534 Economic Development and Taxation on S.B. No. 3236

The purpose of this measure is to:

- (1) Provide for an income tax credit amounting to fifteen per cent of qualified clinical trials incurred, in any county of the State of Hawaii with a population over 700,000, and twenty per cent in any county of the State of Hawaii with a population of 700,000 or less;
- (2) Establish criteria to qualify for the tax credit; and
- (3) Cap the credit at \$8,000,000 per clinical trial.

Testimony in support of this measure was received from the Hawaii Science and Technology Council, the Bio Technology Industry Organization, Cardax Pharmaceuticals, Inc., and Pfizer, Inc. The Department of Taxation (Department) and the Tax Foundation of Hawaii submitted comments.

The Department testified that the revenue impact of this measure is indeterminate, due to the lack of information on the number of qualified clinical trials and the amount of qualified clinical trial costs. The Department noted, however, if the qualified clinical trial cost were \$100,000,000, then annual revenue loss would be \$15,000,000, and that according to industry estimates, close to three hundred clinical trials are currently underway in Hawaii.

Your Committee supports a wide range of initiatives to expand the science and technology sector in Hawaii and finds this measure offers another promising option. Your Committee is awaiting additional information on the scope of clinical trials now underway in the State and will defer a final decision on the specifics of the tax credit until that information is in hand.

Your Committee has amended this measure by making the proposed tax credit applicable to taxable years beginning after December 31, 2040, for the purpose of further discussion.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3236, 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. 3236, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (English).

SCRep. 2535 Economic Development and Taxation on S.B. No. 2722

The purpose of this measure is to provide an income tax deduction to residential unit owners or owner-occupants for qualifying costs of installation of an automatic fire sprinkler system installed after December 31, 2008.

Testimony in support of this measure was received from the State Fire Council, the County of Kauai Fire Department, and the Hawaii Council of Associations of Apartment Owners. The Department of Taxation (Department) and the Tax Foundation of Hawaii submitted comments.

The Department estimated a revenue loss of approximately \$7,400,000 in fiscal year 2009, as it applies to systems installed after December 31, 2008, and \$14,800,000 annually thereafter. The Department based its justification on information from the 2006 Hawaii Data Book, that there were 501,956 housing units in Hawaii in 2006. According to the 2000 Census, approximately twelve per cent of all housing units were vacant. The Department applied this to the number of housing units in 2006 and estimated approximately 441,721 units were occupied in 2006. Assuming eight per cent of the occupied units install fire sprinkler systems and use the full \$7,000 limit, there is an estimated \$247,400,000 reduction in tax liability. Applying an income tax rate of six per cent, gives an overall revenue loss of \$14,800,000 annually.

Your Committee believes that the Department's calculations do not take into account the decision-making process which condominium and co-op associations use before approving major cost items like installation of sprinklers for an entire building, and the likelihood that the number of available plumbers will determine the numbers of buildings that could undergo sprinkler installation each year. As such, your Committee urges the proponents of the measure and Department of Taxation staff to work on a more accurate determination of the revenue impacts of this measure.

Your Committee finds that automatic fire sprinklers are proven fire protection devices that save lives, prevent injuries, reduce property losses, prevent fires from spreading, and do not rely on human factors to be effective.

Your Committee has amended this measure by making the effective date applicable to taxable years beginning after December 31, 2035, for the purpose of further discussion.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2722, 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. 2722, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (English).

SCRep. 2536 (Majority) Economic Development and Taxation on S.B. No. 3149

The purpose of this measure is to:

- (1) Require the remittance of general excise tax revenues from liquid fuel sales to the State Highway Fund; and
- (2) Repeal provisions authorizing transfers of revenues deemed excess out of the State Highway Fund.

Testimony in support of this measure was received from the Hawaii Transportation Association, Catrala-Hawaii, Hawaii Asphalt Paving Industry, Charley's Taxi, City Taxi, Inc., and one individual. The Department of Taxation submitted comments.

Your Committee finds that a strong transportation infrastructure is a key element in quality of life for residents and visitors alike. As the number and size of vehicles on Hawaii's roads and highways increases, so does the need for additional funding for repairs and maintenance.

The Department of Taxation (Department) has estimated that this measure would result in a loss to the general fund and gain to the State Highway Fund of \$36,800,000 in fiscal year 2009, \$78,000,000 in fiscal year 2010, and \$79,100,000 in fiscal year 2011. The taxable gallonage from fiscal year 2007 was used to derive the excise tax receipts derived from the selling of these fuels. The Department also noted that gasoline was mostly subject to the general excise tax exemption for alcohol-based fuels, and that oil and gas refining has a special general excise tax exemption for multiple refineries in multi-step refining processes.

The Department also expressed concerns regarding tracking the specific fuel revenues as contemplated by this measure. The Department does not track the gross proceeds of sales of fuel to the extent requested, and would need additional resources to do so.

Your Committee has considered these concerns, and how additional resources might be generated for the operation, maintenance, and repair of the state highway system. One option would be an increase in the tour vehicle surcharge tax pursuant to section 251-2(b), Hawaii Revised Statutes.

Your Committee finds that the fiscal resources this measure would provide should be considered in relation to other measures that would generate additional moneys for the operation, maintenance, and repair of the state highway system. Your Committee has amended this measure accordingly, by:

- (1) Designating sections 1 through 4 as part I;
- (2) Adding part II, to amend section 251-2(b), Hawaii Revised Statutes, by replacing the tour vehicle surcharge tax of \$65 for each tour vehicle that falls into the over twenty-five passenger seat category, and \$15 for the eight to twenty-five passenger seat category, with unspecified surcharge amounts;
- (3) Designating sections 7 and 8 as part III, and making the effective date July 1, 2040, for the purposes of further discussion; and
- (4) Making a technical, nonsubstantive amendment.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3149, 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. 3149, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 4. Ayes with Reservations, 1 (Baker). Noes, 1 (Slom). Excused, 1 (English).

SCRep. 2537 Economic Development and Taxation on S.B. No. 2198

The purpose of this measure is to establish a land conservation incentives tax credit.

Your Committee received testimony in support of this measure from the Department of Agriculture; Department of Land and Natural Resources; Office of Hawaiian Affairs; The Trust for Public Land; and The Nature Conservancy. Testimony in opposition was received from the Hawaii Building and Construction Trades Council, AFL-CIO. Comments were received from the Department of Taxation and the Tax Foundation of Hawaii.

The intent of this measure is to encourage the preservation and protection of conservation land in the State by creating a land conservation incentives tax credit, the value of which would be fifty per cent of the fair market value or the amount voluntarily invested in the management of the land donated.

The Department of Taxation stated that this measure will result in a revenue loss of approximately \$3,200,000 for fiscal year 2009. The Legacy Land Conservation Program provides matching funds for non-profits to engage in land purchases for conservation. In many cases, a part of the land interest is gifted to the non-profit. It is assumed that most conservation land donation transactions go through this mechanism. Gifts through the Legacy Land Conservation Program for 2008 are projected to be \$3,238,500. It is assumed that this covers half of all eligible transactions under the credit. The value of the eligible transactions is projected to be \$6,500,000, of which a fifty per cent tax credit would result in a revenue loss of \$3,200,000. The impact for future years is indeterminate, due to the large volatility in gift amounts from year to year.

Your Committee has amended this measure by:

- (1) Allowing the holder of interest in agricultural lands qualifying for a land conservation incentive tax credit to petition the State Land Use Commission for designation of the lands as important agricultural lands;
- (2) Requiring the taxpayer to provide reasonable public access to the lands qualifying for the tax credit;
- (3) Repealing the land conservation incentive tax credit on December 31, 2012; 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 Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2198, 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. 2198, S.D. 1.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (English).

SCRep. 2538 (Majority) Economic Development and Taxation on S.B. No. 2932

The purpose of this measure is to increase the state environmental response tax on petroleum in order to increase funding available for energy conservation, alternative energy development, global warming initiatives, and other programs pursuant to chapter 128D, Hawaii Revised Statutes.

Testimony in support of the measure was submitted by the Sierra Club, Hawai'i Chapter and the Kona Brewing Company. Testimony in opposition of the measure was submitted by the Department of Health and Aloha Petroleum, Ltd. Comments on the measure were also submitted by the Department of Taxation, the Department of Business, Economic Development, and Tourism, the Tax Foundation of Hawaii, and Life of the Land.

Your Committee finds that both locally and globally, our communities have become overly dependent upon fossil fuel. In Hawaii, renewable energy resources, including wind, solar, and geothermal resources, are readily available and highly underutilized. The State recognizes the need to examine methods to reduce fossil fuel usage and greenhouse gas emissions and to instead utilize clean energy

and indigenous energy sources. This measure increases the state environmental response tax on petroleum to provide funding to support energy conservation, alternative energy development, global warming initiatives, and other programs pursuant to chapter 128D, Hawaii Revised Statutes, the State's environmental response law. Your Committee determines that increased funding will support energy resource conservation and make Hawaii a more energy-secure and environmentally responsible state.

Your Committee received information from the Department of Taxation that the measure will increase the annual revenue of the Environmental Response Revolving Fund by approximately \$7,000,000. In its methodology, the Department of Taxation stated the State's current receipts on the \$.05 per barrel tax total \$1,740,000 annually. As a result, a twenty cent increase in the environmental response tax will result in a \$7,000,000 (\$1,740,000 x 4) increase.

Testimony received raised concern with the amount of the increase, citing that such a substantial increase may lead to greater expenditures for energy-related purposes, thereby straining the State's ability to timely respond to environmental emergency situations. Your Committee determines that the amount of the increase should be more carefully examined to meet the stated objectives without unduly burdening consumers or jeopardizing the State's ability to respond in environmental emergency situations.

Accordingly, your Committee has amended this measure by:

- (1) Including an unspecified amount for the increase in the environmental response tax; and
- (2) Making technical, nonsubstantive changes for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2932, 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. 2932, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, 1 (Slom). Excused, 1 (English).

SCRep. 2539 (Majority) Economic Development and Taxation on S.B. No. 2164

The purpose of this measure is to:

- (1) Create an income tax credit for charter school repair, maintenance, acquisition, predevelopment, rehabilitation, construction, and other capital improvements; and
- (2) Establish the Hawaii Charter School Facilities Fund.

Your Committee received testimony in support of this measure from the Kamehameha Schools and Kanu o ka 'Aina Learning 'Ohana. Testimony in opposition was received from the Department of Budget and Finance. Comments were received from the Governor's Policy Office; State Attorney General; Department of Taxation; and Tax Foundation of Hawaii.

Your Committee finds that as charter schools provide an alternative learning experience for students and families, funding for charter school operations, including facilities, must also be accomplished by creative or alternative means. This measure establishes the Hawaii Charter School Facilities Fund to provide funding for repair, maintenance, and other facilities needs. The Hawaii Charter School Facilities Fund is modeled after Hawaii 3R's, which utilizes private financial and human resources to address the Department of Education repair and maintenance backlog. As Hawaii 3R's has enjoyed great success by saving taxpayers money, helping schools with much needed repair and maintenance projects, and benefiting businesses through tax credits, a similar program to assist charter schools is an intriguing idea.

Your Committee further finds that innovative, cost-effective public-private partnerships are promising means of addressing this issue. Additionally, this program would provide a mechanism to leverage scarce public resources with private resources and to use state investments to leverage federal funding for charter school facilities, which often is unavailable absent state funding.

Furthermore, this measure complies with Article X, section 1 of the Constitution of the State of Hawaii which indicates that the State has a constitutional obligation to support charter school facilities. In relevant part, it states that "[t]he State shall provide for the establishment, support and control of a statewide system of public schools free from sectarian control, a state university, public libraries and such other educational institutions as may be deemed desirable, including physical facilities therefor."

The Department of Taxation testified that tax law allows a charitable tax deduction for donations of goods to qualifying educational institutions. Therefore, this measure would result in a double tax benefit. Current tax law also allows persons that donate services to be entitled to a credit for those services performed. However, those donated services are taxable as income to the recipient of those services. Therefore, this measure makes the tax credit less attractive.

The revenue estimate is that this measure could potentially result in revenue loss of approximately \$250,000 in fiscal year 2009, and annually thereafter. The tax credit will most likely be of negligible impact; similar to the current tax credit claims for public schools maintenance and repair that was valued at \$4,300 in 2005.

Your Committee has amended this measure by deleting the income tax credit, and making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2164, 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. 2164, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, 1 (Slom). Excused, 1 (English).

SCRep. 2540 Economic Development and Taxation on S.B. No. 2514

The purpose of this measure is to provide a one-time nonrefundable tax credit that is deductible from the taxpayer's net income tax liability for losses incurred by the taxpayer as a result of flood and wind storm damage to the taxpayer's real or personal property caused by the storm in December of 2007.

Your Committee received testimony in support of this measure from the Department of Hawaiian Home Lands and the State Department of Defense. Comments were received from the Department of Taxation and Tax Foundation of Hawaii.

The entire State, particularly Maui, suffered heavy rain and wind damage from the December 2007 storm in which winds topped out at fifty to seventy miles per hour along with heavy flooding from rainfall. Rains in certain parts of the State were estimated to be in the six to eight inch range in a three-hour period. The storm qualified for a "100-year return period" based on data from the *Rainfall Frequency Atlas of the Hawaiian Islands*.

The Department of Taxation states that this measure will result in an indeterminate revenue loss. Assuming that two hundred and fifty people will take the full amount of the credit, and assuming the credit limit is \$2000, the estimated revenue impact is a \$500,000 revenue loss for fiscal year 2009.

Your Committee has amended this measure by changing "losses" to "costs", on the recommendation of the Department of Taxation, and 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 and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2514, 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. 2514, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (English).

SCRep. 2541 Economic Development and Taxation on S.B. No. 2913

The purpose of this measure is to exempt from general excise and use taxes the fuel sold from a foreign-trade zone for intrastate air transportation by common carriers.

Testimony in support of this measure was received from the Governor's Tourism Liaison, The Chamber of Commerce of Hawaii, Aloha Airlines and one of its pilots, Hawaiian Airlines, the Hawaii Fueling Facilities Corporation, the International Association of Machinists and Aerospace Workers, the Transport Workers Union, March of Dimes Hawaii Chapter. The Department of the Attorney General, the Department of Taxation, and the Tax Foundation of Hawaii submitted comments.

The Department of Taxation (Department) stated that this measure will result in a revenue loss of approximately \$5,100,000 in fiscal year 2009, \$5,300,000 in fiscal year 2010, and \$5,500,000 in fiscal year 2011. The Department also stated that 110,000,000 gallons of fuel were sold on Oahu in fiscal year 2007, and approximately fifty-five per cent of this was of non-exempt fuel. General excise revenue from fuel was calculated to be \$4,800,000 (110 million gallons x 55% non-exempt x \$2 per gallon x 4% excise tax rate), with inflation factored in for the relevant fiscal years.

Your Committee had heard that, however intended, this measure may not accomplish its purpose. It adds a definition of "interstate air transportation", which is defined as transportation by air between two places in Hawaii through a place outside Hawaii. The Department has noted, however, that in general, court cases conclude that transportation from one point in a state through international territory and back to another point in the same state is not interstate commerce. Therefore, the Department could still interpret this measure to preclude the exemption because an interisland flight may not be flying sufficiently through a "place outside Hawaii". The resulting enforcement confusion could lead to disputes between the Department and airlines over whether flights are sufficiently "outside Hawaii" in order to receive the exemption.

Your Committee has also considered amendments to Hawaii's tax law, an alternative proposed and reviewed by this Committee in 2007. Your Committee finds that further review of the alternatives will be beneficial as the legislative session continues.

Your Committee has amended this measure accordingly, by:

- (1) Adding a new section in chapter 237, Hawaii Revised Statutes, to exempt from the general excise tax amounts received from the sales of aviation fuel categorized as privileged foreign merchandise, non-privileged foreign merchandise, domestic merchandise, or zone-restricted merchandise, which is admitted into a foreign-trade zone and purchased in a foreign-trade zone for use in air transportation between two points in the State;
- (2) Amending the definition of "use" in chapter 238, Hawaii Revised Statutes, Hawaii's use tax law, to include the same language; and
- (3) Amending the findings and purpose section to reflect these changes.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation 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 be referred to the Committee on Ways and Means, in the form attached hereto as S.B. No. 2913, S.D. 1.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (English).

SCRep. 2542 Economic Development and Taxation on S.B. No. 2047

The purpose of this measure is to create an income tax credit for taxpayers who make modifications to their home to increase accessibility for the disabled. Modifications qualifying for the tax credit include a no-step entrance, lifts or lift mechanisms, and expanding width doorways, hallways, or entry ways to improve access into and within a residence; reinforcements in bathroom walls and grab bars; light switches and outlets placed in wheelchair-accessible locations; and other universal design, accessibility, and adaptability features prescribed in county building codes.

Testimony in support of this measure was submitted by the Senior Policy Advisor of the Governor, the Department of Taxation, the American Association of Retired Persons, the Policy Advisory Board for Elder Affairs, and one individual citizen. Comments on this measure were submitted by the Department of Taxation and the Tax Foundation of Hawaii.

Your Committee finds that Hawaii's individuals and families require additional tax relief incentives to offset the high cost of living in Hawaii and have a better quality of living. This includes tax incentives for families that provide care for children and dependents and family caregivers who are carrying the financial and other responsibilities of caregiving.

Accordingly, your Committee has amended this measure by:

- (1) Creating a caregiver tax credit for eligible taxpayers who care for qualified care recipients;
- (2) Creating an additional personal income tax exemption for any dependent age eighteen or younger;
- (3) Increasing the tax relief provided by the child and dependent care income tax credit;
- (4) Adding a definition for "qualified costs" relating to the home accessibility features for the disabled tax credit;
- (5) Providing an unspecified appropriation and unspecified tax credit amounts for the caregiver tax credit;
- (6) Changing the effective date to facilitate further discussions on this measure; and
- (7) Making technical, nonsubstantive amendments for the purpose of clarity.

Your Committee received a fiscal impact statement from the Department of Taxation that stated this measure would result in a revenue loss to the State in the 2009 fiscal year of approximately \$17,000,000. Their methodology including an analysis of individual taxpayer tax returns, an estimation of the number of taxpayers who would qualify for the credits, and renovation costs.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2047, 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. 2047, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (English).

SCRep. 2543 (Majority) Economic Development and Taxation on S.B. No. 3215

The purpose of this measure is to provide various market stimulation incentives for the development of biodiesel through tax credits, State programs, and the availability of lands.

Testimony in support of this measure was submitted by the Department of Land and Natural Resources, Pacific Biodiesel, Inc., and Hawaiian Electric Company, Inc. Comments on this measure were submitted by the Department of Taxation, the Department of Agriculture, the Tax Foundation of Hawaii, and the Life of the Land.

Your Committee finds that by providing tax incentives to develop and produce biodiesel in the State of Hawaii, it creates an opportunity for in-state and out-of-state companies to have biodiesel projects in Hawaii. Development of biodiesel fuels in Hawaii could benefit the State by reducing our dependence on imported oil, petroleum, or fossil fuel sources.

Accordingly, it is the intent of your Committee to support various economic incentives for companies to develop and produce biodiesel in Hawaii.

The Department of Taxation submitted a revenue impact statement which explained that the State would experience an indeterminate revenue loss from this measure. The Department's statement referenced a 2006 Hawaii Agricultural Research Center study that concluded that there are many viable feedstock crops that could be produced in Hawaii, but that none are currently in production.

Your Committee has amended this measure by:

- (1) Removing the specific percentage (one hundred per cent) of gain realized by a fee simple owner; and
- (2) Removing the specific percentage (one hundred per cent) of income derived from an oil seed crushing facility;

from section 235-7(a)(13) and (a)(14), Hawaii Revised Statutes, respectively, and leaving those percentages blank to facilitate further discussion on this issue. 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 Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3215, 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. 3215, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, 1 (Slom). Excused, 1 (English).

SCRep. 2544 Human Services and Public Housing on S.B. No. 2408

The purpose of this measure is to prohibit smoking in and around public housing projects under the jurisdiction of the Hawaii Public Housing Authority.

Testimony in support of this measure was submitted by the Coalition for a Tobacco-Free Hawai'i and an individual who is a Hawaii Public Housing Authority tenant. Four individuals provided oral testimony in support of this measure. Testimony in opposition to this measure was submitted by the Hawaii Smokers Alliance and two individuals. Comments on the measure were submitted by the Hawaii Public Housing Authority which expressed reservations regarding the difficulty of enforcing the measure.

Your Committee finds that while there is support for a smoking ban in the common areas of public housing projects, the ban on smoking within individual housing units may not be enforceable, and does not have equally wide support.

Accordingly, your Committee has amended this measure by eliminating the provision that would have banned smoking in individual housing units.

As affirmed by the record of votes of the members of your Committee on Human Services and Public Housing 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 placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Hooser, Sakamoto).

SCRep. 2545 Transportation and International Affairs on S.B. No. 3248

The purpose of this measure is to permit motor vehicle backup warning beepers to be disabled if the vehicle is equipped with a rear view camera system or a watchperson is on duty.

Testimony in support of this measure was received from four individuals. The Honolulu Police Department and Royal Star Hawaii Motorcoach Tours & Destination Services testified in opposition. The Department of Transportation and Hawaii Transportation Association submitted comments.

Your Committee finds that the increasing mix of residential and business establishments in close proximity has led to noise complaints regarding delivery and other vehicles equipped with audible reverse warning systems. Your Committee understands the frustration of residents and visitors, particularly in dense urban neighborhoods and resort destinations. However, the reverse warning systems provide protection for pedestrians and other drivers, and your Committee believes any proposals to alleviate the noise must be carefully considered.

Your Committee has amended this measure accordingly, by:

- (1) Providing that the audible reverse warning system may be manually turned off for noise control purposes only between 10:00 p.m. and 6:00 a.m.;
- (2) Deleting the rearview camera option and requiring a watchperson who is continuously on duty to ensure safety; and
- (3) Clarifying that any switch permitting the audible reverse warning system to be manually disengaged shall automatically turn off when the transmission is shifted out of reverse, instead of after a fixed period of time, and automatically engage the audible reverse warning system.

As affirmed by the record of votes of the members of your Committee on Transportation and International Affairs 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 placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 3 (Hooser, Inouye, Tsutsui).

SCRep. 2546 (Joint) Tourism and Government Operations and Commerce, Consumer Protection and Affordable Housing on S.B. No. 1815

The purpose of this measure is to provide greater accountability of the condominium management by clarifying the management responsibilities and notification requirements to association members.

Specifically, this measure:

- (1) Prohibits the managing agent of a condominium from engaging in the business of a condominium hotel operator; and
- (2) Requires the managing agent to make electronic mail addresses of unit owners available to all unit owners.

Testimony in support of this measure was submitted by one private individual. Testimony in opposition to this measure was submitted by Wyndham Worldwide, Outrigger Hotels and Resorts, the Hawaii Chapter of the Community Associations Institute, the Waikiki Improvement Association, the Hawaii Council of Associations of Apartment Owners, ResortQuest, and two private individuals.

The development and operation of condominium hotels has increased in recent years, which have resulted in questions relating to the managing agents of condominium hotels. A conflict of interest may arise when the managing agent of a condominium must manage the operations of the residential portion and hotel portion of the condominium property. Your Committees find that when employees of a condominium association are also employed in a vacation rental business operated by the managing agent at the same complex, these employees must serve the best interest of the association while simultaneously generating the greatest profit for the managing agent's vacation rental business. This measure will prohibit the managing agent of a condominium from engaging in the business of a condominium hotel operator.

Your Committees recognize testimony that indicates that requiring associations of apartment owners (AOAO) and condominium vacation rental companies to have separate employees and management teams may be unfeasible, especially for small condominium properties. Despite the governing importance of declarations and bylaws to manage condominiums, your Committees further find that the management of the residential and vacation units in the same property needs to be further defined for accountability purposes, especially with respect to the common elements that are shared between the resident owners and guests of the condominium hotel operators. Furthermore, requiring managing agents to make electronic mail addresses of unit owners available to all owners in the condominium property may impose a responsibility on associations and their managers to maintain data that may not be obtainable, and may lead to unintended consequences, such as harassment and identity theft.

Accordingly, your Committees have amended this measure by:

- (1) Deleting language that prohibits a managing agent of a condominium from engaging in the business of a condominium hotel operator, and replacing it with language that:
 - (A) Allows the board of directors of a condominium to lease, under certain conditions, common elements of the condominium that are not used by the unit owners for an originally intended purpose permitted in the declaration; and
 - (B) Requires all direct costs attributable to condominium hotel operations to be charged only to unit owners whose units are included in condominium operations;
- (2) Deleting language that requires the managing agent to make electronic mail addresses of unit owners available to all unit owners;
- (3) Inserting an effective date of July 1, 2050 to ensure ongoing discussions on this issue; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committees believe that this measure, as amended, fulfills the intent of this measure, which is to provide greater accountability of condominium management.

As affirmed by the records of votes of the members of your Committees on Tourism and Government Operations and Commerce, Consumer Protection, and Affordable Housing that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1815, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1815, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chairs on behalf of the Committees. Ayes, 6. Noes, none. Excused, 4 (Ihara, Kim, Sakamoto, Taniguchi).

SCRep. 2547 (Joint) Energy and Environment and Education on S.B. No. 3170

The purpose of this measure is to establish a pesticide-free buffer zone around elementary schools and require the Department of Agriculture to notify the schools and the Board of Education within seventy-two hours of the application of the pesticide.

Testimony in support of the measure was submitted by the Sierra Club Hawai'i Chapter, the Hawaii State Teachers Association, and thirty-eight individuals.

Testimony in opposition of the measure was submitted by the Department of Agriculture, Maui Pineapple Company, the Hawaii Farm Bureau Federation, Hawaii Pest Control Association, Alexander & Baldwin, Inc., Hawaii Agriculture Research Center, and three individuals

Comments on the measure were also submitted by the Department of Education, and five individuals.

Your Committees find that pesticide usage, particularly in close proximity to children and schools, can pose a dangerous health hazard in our communities. Recently, there have been reported incidents of students and school staff becoming ill subsequent to nearby pesticide spraying. Currently, there is no restriction on the use of pesticides near schools and your Committees believe that safeguards are necessary to protect the health of our keiki and our community as a whole. As received by your Committees, this measure would have created a pesticide-free buffer zone within one thousand and five hundred feet of an elementary school. Although protection is necessary, a less onerous approach should be explored to permit lawful pesticide usage, particularly for our agricultural community, while still ensuring the health and safety at all of our schools.

Accordingly, your Committees have amended this measure by replacing its contents with provisions that:

- (1) Establish a Working Group on Pesticide Use in Proximity to Schools, comprised of members of the Advisory Committee on Pesticides and representatives from the Department of Education; and
- (2) Specify the duties of the Working Group on Pesticide Use in Proximity to Schools, including reporting requirements.

As affirmed by the records of votes of the members of your Committees on Energy and Environment and Education that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3170, as amended herein, and recommend 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 Chairs on behalf of the Committees. Ayes, 11. Ayes with Reservations, 1 (Slom). Noes, none. Excused, 2 (Kokubun, Nishihara).

SCRep. 2548 Human Services and Public Housing on S.B. No. 2103

The purpose of this measure is to establish an annual Caregiver Recognition Day on the first Saturday of November.

Testimony in support of this measure was submitted by the Executive Office on Aging, the Policy Advisory Board for Elder Affairs, the Maui County Executive on Aging, and the National Multiple Sclerosis Society.

Your Committee finds that both formal and informal caregivers are the backbone of the long-term care system, and that the caregivers of Hawaii should be given public support in recognition of their value to the community.

Your Committee has amended this measure by:

- (1) Incorporating the comments made by the Executive Office on Aging to make the specific list of recognized caregivers more general; and
- (2) 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 Human Services and Public Housing 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 placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Hooser, Sakamoto).

SCRep. 2549 Human Services and Public Housing on S.B. No. 435

The purpose of this short form measure is to amend the laws relating to public housing.

Your Committee finds that a measure authorizing the Hawaii Public Housing Authority to include certain incentives, including price preferences or scoring bonuses, would be beneficial to promote the construction of affordable housing in the State.

Accordingly, your Committee has amended this measure by inserting provisions that authorize the Hawaii Public Housing Authority to include, as part of a request for proposals for the construction or renovation of a public housing project, a price preference or scoring bonus for an offeror who proposes to redevelop concurrently adjacent real property.

As affirmed by the record of votes of the members of your Committee on Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 435, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 435, S.D. 1, and be recommitted to the Committee on Human Services and Public Housing, for further consideration.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Hooser, Sakamoto).

SCRep. 2550 Transportation and International Affairs on S.B. No. 521

The purpose of this measure is to correct outdated references in statutes by:

- (1) Deleting the reference to "trust territories" in section 346-59.4, Hawaii Revised Statutes, and inserting the full names of the Republic of the Marshall Islands and the Republic of Palau, where appropriate; and
- (2) Replacing a reference to "trust territories" in section 348-6(c), Hawaii Revised Statutes, with "territories, or commonwealths" to reflect the correct federal designation.

Your Committee has consulted with the Pacific Islands governments affected by this measure to ensure that the proposed changes are correct, and has received no opposition to the amendments. No further testimony was submitted on this measure.

As affirmed by the record of votes of the members of your Committee on Transportation and International Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 521, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, 1 (Tsutsui).

SCRep. 2551 Public Safety on S.B. No. 2344

The purpose of this measure is to require the Department of Public Safety to establish performance indicators to ensure that the Department is in compliance with the Community Safety Act of 2007 and to report those results on a monthly basis to the Legislature.

Testimony in support of this measure was submitted by the Community Alliance on Prisons, Hawaii Community College, the Office of Hawaiian Affairs, the Drug Policy Forum of Hawai'i, and three individual citizens. Testimony in opposition of this measure was submitted by the Department of Public Safety.

Your Committee finds that it is important for the Department of Public Safety to monitor and track the progress of their various reentry and rehabilitative programs. Requiring the Department to track the outcome of programs on a quarterly basis will enable the Department to be in compliance with the Community Safety Act of 2007. Your Committee finds that requiring the reports to be submitted in a timely fashion every quarter, creates an effective balance between getting the Legislature the necessary evaluative information on a regular basis without being administratively burdensome to the Department.

Accordingly, your Committee has amended this measure by:

- (1) Changing the Department of Public Safety's reporting requirements to the Legislature from monthly to quarterly; and
- (2) Making technical, nonsubstantive amendments for the purpose of clarity.

As affirmed by the record of votes of the members of your Committee on Public Safety that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2344, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2344, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 1 (Sakamoto).

SCRep. 2552 Commerce, Consumer Protection and Affordable Housing on S.B. No. 3006

The purpose of this measure is to streamline and clarify the business registration laws by making several technical and housekeeping amendments to correct errors, ambiguities, and inconsistencies in the laws.

Specifically, this measure:

- (1) Makes the laws governing corporate dissolution and the rights of the Director of Commerce and Consumer Affairs consistent;
- (2) Amends the law to more accurately reflect the administrative procedures of administratively cancelling a limited partnership;
- (3) Makes the laws regarding the expiration of corporations consistent with other entities; and

(4) Streamlines and conforms the filing request requirements for limited liability companies.

Testimony in support of this measure was submitted by the Business Registration Division of the Department of Commerce and Consumer Affairs and one private individual.

Your Committee finds that the laws regarding business registration need further clarification in order to provide clarity and consistency for the public to follow and abide with accordingly. Making technical and housekeeping amendments to chapters 414, 414D, 415A, 425E, and 428, Hawaii Revised Statutes, will correct errors, ambiguities, and inconsistencies in the laws, and fulfills the intent of this measure, which is to streamline and clarify the business registration laws.

Your Committee has amended this measure by making technical, nonsubstantive amendments for the purposes of clarity and consistency, and to correctly reflect the language in the Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3006, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3006, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 2 (Espero, Ihara).

SCRep. 2553 Judiciary and Labor on S.B. No. 2474

The purpose of this measure is to increase from \$3,500 to \$5,000 the amount in controversy requirement for the Small Claims Division of the District Court (popularly known as "small claims court").

Your Committee finds that under present law, the amount in controversy requirement for the Small Claims Division of the District Court is \$3,500 and \$20,000 for the rest of the District Courts. Your Committee finds that raising the amount in controversy requirement for the small claims court will result in a more efficient distribution of case loads for the District Courts.

Your Committee has amended this measure by making a technical nonsubstantive change.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2474, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2474, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Kokubun, Nishihara).

SCRep. 2554 Judiciary and Labor on S.B. No. 2258

The purpose of this measure is to require that quorum for the Wireless Enhanced 911 Board be met by a member's physical presence at a meeting.

This measure also deletes voting by proxy.

Your Committee received testimony in opposition to this measure from the Department of Accounting and General Services and the Honolulu Police Department.

Your Committee has amended this measure by deleting the requirement that the quorum of six members of the Wireless Enhanced 911 Board be comprised of three representatives of the wireless providers and three representatives of the public safety answering points, to clarify that any six members may constitute a quorum.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor 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 placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Kokubun, Nishihara).

SCRep. 2555 Judiciary and Labor on S.B. No. 2785

The purpose of this measure is to increase the maximum amount in controversy over which the District Court shall have jurisdiction from \$20,000 to \$30,000.

Testimony in support of this measure was received from the Collection Law Section of the Hawaii State Bar Association and two attorneys.

Your Committee finds that the current limit for claims in the District Courts was established by the Legislature in 1994. An increase in the jurisdictional limit of the District Courts would take into account the effect of inflation over the years, yet would also allow smaller claims, those under \$30,000, to be resolved in a cost effective manner.

Upon further consideration, your Committee has amended this measure by changing the effective date to "January 1, 2050" to facilitate further discussion on this issue.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor 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 Second Reading in the form attached hereto as S.B. No. 2785, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Kokubun, Nishihara).

SCRep. 2556 Judiciary and Labor on S.B. No. 2204

The purpose of this measure is to make technical changes to the law to conform to the current law requiring electronic filing of reports.

Your Committee received testimony in support of this measure from the Campaign Spending Commission. The Hawaii Association of Public Accountants submitted testimony in support with proposed amendments.

Your Committee has amended this measure by incorporating certain provisions from S.B. Nos. 2203, 2579, 2581, 2777, 3140, and 3141, which were heard on the same hearing agenda with this measure.

Specifically, your Committee has amended this measure as follows:

- (1) Requiring candidates who agree to expenditure limits to reserve until after the applicable election, contributions received in excess of that limit;
- (2) By repealing specific penalty provisions in order to conform with amendments made previously by your Committee to S.B. No. 2579;
- (3) Prohibiting the commission from issuing rules through advisory opinions;
- (4) Increasing the threshold for reporting occupation and employer from \$100 to \$250;
- (5) Authorizing the use of campaign funds for “ordinary and customary” expenses rather than “ordinary and necessary” expenses;
- (6) Clarifying that a corporation or company using funds from its own treasury may make unlimited contributions to, or make unlimited expenditures on behalf of, the corporate or company noncandidate committee;
- (7) Clarifying the conditions under which expenditures do not constitute a loan;
- (8) Clarifying those persons who are subject to administrative fines for violations relating to campaign contributions and expenditures, and providing an opportunity for natural persons or candidate committees to correct violations before the assessment of those fines; and
- (9) Making technical nonsubstantive amendments for the purposes of clarity and style.

Your Committee is changing to the term “ordinary and necessary” in sections 11-200(b)(2) and 11-206(c)(3), Hawaii Revised Statutes, to “ordinary and customary” due to the narrow interpretation of the current term. The purpose of this change is to permit a candidate to use campaign funds as broadly as possible to assist a candidate to an elective office. Your Committee believes transparency of information through reporting requirements is the key to providing checks and balances of whether a candidate is properly using the candidate’s campaign funds, and this measure and that current campaign spending laws should provide the necessary transparency.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2204, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2204, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 6. Ayes with Reservations, 3 (Gabbard, Nishihara, Slom). Noes, none. Excused, none.

SCRep. 2557 Judiciary and Labor on S.B. No. 2425

The purpose of this measure is to specify the firefighting costs that a defendant convicted of arson causing damage to ten thousand square feet or more of property may be required to reimburse.

Specifically, this measure specifies the costs associated with extinguishing a fire that a defendant convicted of arson may be required to reimburse to include:

- (1) Personnel salary, benefits, and overtime;
- (2) The operation, maintenance, and repair of apparatus, aircraft, and equipment;
- (3) Supplies expended, damaged, or lost; and
- (4) Meals and rehabilitation supplies during firefighting operations.

Your Committee received testimony in support of this measure from the Prosecuting Attorney of the City and County of Honolulu, the respective Fire Chiefs of the City and County of Honolulu and the counties of Maui and Hawaii, and Legislative Information Services of Hawaii.

Upon further consideration, your Committee has amended this measure to delete reimbursement for the cost of meals for firefighters during firefighting operations.

Your Committee finds that this measure is just, will reduce the financial burden incurred by the counties for firefighting expenses, and serve as a deterrent to those who would commit arson.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2425, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2425, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (Hee).

SCRep. 2558 Commerce, Consumer Protection and Affordable Housing on S.B. No. 1809

The purpose of this measure is to provide transparency and greater participation in and access to condominium unit owners' association meetings by clarifying that if the condominium board schedules a special association meeting pursuant to a petition, the meeting must be held within sixty days of the receipt of the petition for a special meeting.

Testimony in support of this measure was submitted by the Hawaii Independent Condominium and Cooperative Owners and one private individual.

Your Committee finds that chapter 514B, Hawaii Revised Statutes, provides an opportunity for condominium owners of an association to request a special association meeting by petition if at least twenty-five per cent of the unit owners, as shown in the association's record of ownership, sign a petition. Furthermore, if notices for the special meeting are not sent out within fourteen days from the receipt of the petition, the petitioners are authorized to set the time, date, and place for the special meeting. Testimony indicates that in at least one case, a condominium board has scheduled a special meeting the following year, more than several months after receipt of the original petition, which defeats the efforts and intent of the owners who petitioned for the special meeting. Requiring the board of directors to schedule a special meeting to be held on a date within sixty days of the receipt of a petition and clarifying that if the board fails to schedule a special meeting, the special meeting set by the petitioners will be at the association's expense and will provide transparency and greater participation in and access to condominium unit owners' association meetings.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1809 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 3 (Espero, Ige, Taniguchi).

SCRep. 2559 Commerce, Consumer Protection and Affordable Housing on S.B. No. 2312

The purpose of this measure is to provide diversification for the investment of condominium funds, especially for those condominium associations that have large memberships and a high amount of money to invest, by clarifying that condominium associations may invest association funds in certificates of deposit through the Certificate of Deposit Account Registry Service network.

Testimony in support of this measure was submitted by the Hawaii Bankers Association. The Real Estate Commission, the Hawaii Association of Realtors, and the Hawaii Chapter of the Community Associations Institute submitted comments.

The Certificate of Deposit Account Registry Service (CDARS) is a program that enables even the smallest financial institution in Hawaii to provide its customers with access to multi-million dollar Federal Deposit Insurance Corporation (FDIC) insurance coverage for their certificates of deposit, and has been deemed an acceptable investment for public funds in Hawaii. While your Committee recognizes that the condominium associations already have the ability to invest in certificate of deposits through the CDARS network, your Committee finds that this measure eliminates any uncertainty as to whether CDARS is an authorized investment for condominium associations.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2312 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 3 (Espero, Ige, Taniguchi).

SCRep. 2560 Judiciary and Labor on S.B. No. 2059

The purpose of this measure is to protect from public disclosure certain information compiled as part of an inquiry into an individual's fitness to be granted or to retain a professional or vocational license.

Under this measure, records of complaints would not be disclosed unless proceedings resulted in discipline.

The Consumer Data Industry Association, the Hawaii Association of Realtors, the Hawaii Dental Association, and two concerned individuals submitted testimony in support of this measure. The Department of Commerce and Consumer Affairs provided comments.

Section 92F-12, Hawaii Revised Statutes, generally requires government records to be made available for public inspection. Section 92F-13(1), Hawaii Revised Statutes, provides an exception for "government records which, if disclosed, would constitute a clearly unwarranted invasion of personal privacy." Where "the public interest in disclosure outweighs the privacy interest of the individual," section 92F-14(a), Hawaii Revised Statutes, holds that disclosure is not a "clearly unwarranted invasion of personal privacy."

According to section 92F-14(b), Hawaii Revised Statutes, "examples of information in which the individual has a significant privacy interest," include "information compiled as part of an inquiry into an individual's fitness to be granted or to retain a license," except for, among other things, "the record of any proceeding resulting in discipline of a licensee and the grounds for discipline" and "the record of complaints including all dispositions." This measure deletes the latter exception.

Your Committee finds that internet access to unsubstantiated allegations filed prior to the conclusion of a formal investigation, and records of proceedings that did not result in disciplinary action, can adversely affect a licensee's reputation. However, your Committee is mindful of the concerns raised in the testimony of the Department of Commerce and Consumer Affairs regarding the Regulated Industries Complaints Office. Your Committee does not intend the amendments made by this measure to apply to: investigative and expert witnesses who may possess information or documentary evidence relating to a pending investigation; other divisions within the Department of Commerce and Consumer Affairs, including the Professional and Vocational Licensing Division and the Office of Administrative Hearings; nor the licensing boards.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2059 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2561 (Majority) Judiciary and Labor on S.B. No. 3202

The purpose of this measure is to amend the State constitution to extend the mandatory retirement age for all state judges and justices.

Specifically, this measure would amend article VI, section 3, of the Constitution of the State of Hawaii, to require the retirement of justices and judges at eighty years of age instead of seventy years of age.

Testimony in support of this measure was received from the Hawaii Government Employees Association, the Japanese American Citizens League of Hawaii, and one concerned individual. Testimony in opposition was received from the Department of the Attorney General and the Department of the Prosecuting Attorney of the City and County of Honolulu. The Judicial Selection Commission testified with concerns.

Your Committee finds that the age seventy, in and of itself, is not an accurate indicator of one's ability to effectively carry out the duties of a state judge or justice. The current mandatory retirement age of seventy years old may prevent the State from benefitting from the knowledge and experience of otherwise qualified jurists. Furthermore, the mandatory requirement of state justices and judges upon reaching the age of seventy is the only provision in the state constitution that requires the retirement of a state employee at a specified age.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3202 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 3. Ayes with Reservations, 1 (Gabbard). Noes, 1 (Slom). Excused, 2 (Kokubun, Nishihara).

SCRep. 2562 Judiciary and Labor on S.B. No. 2714

The purpose of this measure is to expand the powers of the Intermediate Appellate Court.

More specifically, the measure gives the Intermediate Appellate Court the authority to subpoena witnesses and to compel the attendance of witnesses and the production of books, papers, documents, or tangible things. The measure also authorizes any judge of the Intermediate Appellate Court to administer oaths.

Testimony in support of the measure was received from the Judiciary.

Your Committee recognizes that, due to recent structural changes in the State's appellate court system, the Intermediate Appellate Court now hears most of the State's trial court and agency appeals. This measure grants the court the authority necessary to effectively carry out its new functions.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2714 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Kokubun, Nishihara).

SCRep. 2563 Transportation and International Affairs on Gov. Msg. No. 420

Recommending that the Senate advise and consent to the nomination of the following:

HAWAI'I SISTER STATE COMMITTEE

G.M. No. 420 THANH-LO SANANIKONE, for a term to expire 6-30-2012

Your Committee reviewed the personal history, resume, and statement submitted by the nominee, and finds Thanh-Lo Sananikone to have the necessary qualifications to be nominated to the Hawai'i Sister State Committee.

Your Committee received testimony in support of Thanh-Lo Sananikone from the Department of Business, Economic Development, and Tourism.

Ms. Thanh-Lo Sananikone has served in international leadership positions, with a focus on the Asia-Pacific region, over the course of a distinguished thirty-year career. Currently the Managing Director for Pacific Management Resources (PacMar, Inc.), she has a wide range of experience, from consulting on business opportunities to assisting immigrants and refugees. Ms. Sananikone has also worked closely with the Hawai'i trade missions to Vietnam, where her knowledge of the local business and investment environment, and energy and enthusiasm about assisting Hawai'i companies has proven invaluable.

In addition to her business experience, Ms. Sananikone has a background in education and training, and in health care. She holds a M.P.H. in Environmental Health and Occupational Health Management and a B.S. in Chemistry and Microbiology from the University of Hawai'i, and has coordinated medical missions to Vietnam and Laos. Ms. Sananikone was born in Vietnam, speaks three Southeast Asian languages fluently and has work experience in two countries where Hawai'i has sister relationships – China and the Philippines.

Ms. Sananikone has served on the boards of the East-West Center Association, the Pacific and Asian Affairs Council, and as a member of the Hawaii Pacific District Export Council, among many others. She was awarded the Outstanding Minority Import-Export

Services Business Advocate in 2002 and the State of Hawai'i 2003 Hawai'i Minority Small Business Advocate of the Year. Ms. Sananikone will represent the East-West Center on the Hawai'i Sister State Committee.

As affirmed by the record of votes of the members of your Committee on Transportation and International Affairs that is attached to this report, your Committee, after full consideration of the background, 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 Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, 1 (Tsutsui).

SCRep. 2564 Transportation and International Affairs on Gov. Msg. Nos. 421 and 422

Recommending that the Senate advise and consent to the nominations of the following:

COMMISSION ON TRANSPORTATION

G.M. No. 421 WILLIAM CHARLES LINDEMANN, for a term to expire 6-30-2012; and

G.M. No. 422 KU'UHAKU T. PARK, for a term to expire 6-30-2012

Your Committee reviewed the personal histories, resumes, and statements submitted by the nominees, and finds William Charles Lindemann and Ku'uhaku T. Park to have the necessary qualifications to be nominated to the Commission on Transportation.

Your Committee received testimony in support of William Charles Lindemann from the Department of Transportation and a member of the Commission on Transportation.

William Charles Lindemann is a Hawai'i licensed professional engineer and a licensed general contractor and has managed a variety of construction projects throughout his career of nearly thirty-five years. He is President of Lindemann Construction, Inc., which was founded in 1984, and specializes in renovation and new commercial projects. Mr. Lindemann is a graduate of the University of Hawai'i, with a B.S. in Civil Engineering and an M.B.A. in Management and Finance. He is a reappointment to the Commission on Transportation and his knowledge and experience in both construction and business management has contributed significantly to the work of the Commission.

Your Committee received testimony in support of Ku'uhaku T. Park from the Department of Transportation and a Deputy Director of the Department; Hawaii Transportation Association; Hawaii Building and Construction Trades Council, AFL-CIO; Hawaii Stevedores, Inc.; the State of Hawaii Organization of Police Officers; Matson Navigation Company; Young Brothers, Limited; The Gas Company; Tesoro Hawaii Corporation; VRE Hawaii; and six individuals.

Ku'uhaku T. Park is the Government and Public Affairs Manager of CSX Lines, Inc./Horizon Lines, LLC, and has over sixteen years experience in the maritime industry. In this and previous positions, he has had the opportunity to work with federal and state transportation agencies and has a full understanding of the complex interactions between government and the private sector transportation industry. Mr. Park is a graduate of Lewis and Clark College and a member of numerous professional and civic organizations, including the Hawaii Transportation Association and the Hawaii Harbor Users Group. Mr. Park is a reappointment to the Commission on Transportation.

As affirmed by the records of votes of the members of your Committee on Transportation and International Affairs that are attached to this report, your Committee, after full consideration of the background, 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 Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, 1 (Tsutsui).

SCRep. 2565 (Joint) Human Services and Public Housing and Public Safety on S.B. No. 2345

The purpose of this measure is to establish a bill of rights for children of incarcerated parents.

Testimony in support of this measure was submitted by Community Alliance on Prisons, the Drug Policy Forum of Hawai'i, the Hawaii Youth Services Network, the Office of Hawaiian Affairs, the Task Force on Children of Incarcerated Parents, and one private citizen. Testimony in opposition to this measure as written was submitted by the Department of the Attorney General and the Department of Human Services. Comments on the measure were submitted by the Department of Public Safety.

Your Committees find that there is an estimated 6,000 children in Hawaii who have a parent that is incarcerated, and that children of incarcerated parents are six to seven times more likely than their peers to become incarcerated themselves. Your Committees further find that these children are placed in vulnerable positions without their parents, can experience trauma and disorientation due to the incarceration, can be the subject of stigma and ridicule and school, and do not receive proper supportive services.

Your Committees have amended this measure by:

- (1) Changing the "bill of rights" into "guiding principles" to be used by state agencies when dealing with children of incarcerated parents;
- (2) Adding three new principles including that the children shall be treated with dignity and respect, that their safety and care are of paramount importance, and that state support shall be provided where possible as resources permit;
- (3) The right to see and touch their parent was changed to communication avenues shall be made available for children to see, speak to, or visit their parents, if they so choose; and
- (4) 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 Human Services and Public Housing and Public Safety that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2345, as amended herein, and

recommend 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 Chairs on behalf of the Committees. Ayes, 7. Ayes with Reservations, 1 (Whalen). Noes, none. Excused, 1 (Hooser).

SCRep. 2566 (Joint) Public Safety and Agriculture and Hawaiian Affairs on S.B. No. 2887

The purpose of this measure is to require the Offender Reentry Legislative Oversight Committee to establish a work group to conduct a study and convene public hearings to determine the factors that contribute to the over-representation of native Hawaiians and part-Hawaiians in the State's prisons and jails.

Testimony in support of this measure was submitted by the Office of Hawaiian Affairs, the Community Alliance on Prisons, the Drug Policy Forum of Hawai'i, and one individual citizen. Testimony in opposition of this measure was submitted by the Department of Public Safety.

Your Committees find that it is crucial to evaluate and analyze the Department of Public Safety's operations and administration of their programs and services. Further, most studies on ethnic and racial disparities in prisons also gather data on the number of arrests and length of sentences for various ethnic origins and racial classes. Knowing the factors that contribute to those disparities would likely assist the Department of Public Safety in alleviating those disparities in the prisons and jails in Hawaii.

Accordingly, your Committees have amended this measure by:

- (1) Requiring the work group to gather data on the arrests and sentences of native Hawaiians and part-Hawaiians; and
- (2) Making technical, nonsubstantive amendments for the purpose of clarity.

As affirmed by the records of votes of the members of your Committees on Public Safety and Agriculture and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2887, as amended herein, and recommend 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 Chairs on behalf of the Committees. Ayes, 7. Noes, none. Excused, 3 (English, Slom, Whalen).

SCRep. 2567 Judiciary and Labor on S.B. No. 2436

The purpose of this measure is to make it an offense to make disruptive threats or to remotely harass another person by posting any type of writing or message with the intent to: harass, intimidate, terrorize, frighten, or cause mental, emotional, or physical distress to another person; or disrupt the orderly conduct of an institution.

The City and County of Honolulu Police Department and the Hawaii State Coalition Against Domestic Violence submitted testimony in support of this measure.

Advances in technology, such as advent of the Internet, have made it possible for individuals to communicate with each other in new and exciting ways. Unfortunately, some individuals use these advances in technology as a new method to harass other individuals.

Currently, a person commits the offense of harassment under section 711-1106, Hawaii Revised Statutes, if, with the intent to harass, annoy, or alarm any other person, that person:

- (a) Strikes, shoves, kicks, or otherwise touches another person in an offensive manner or subjects the other person to offensive physical contact;
- (b) Insults, taunts, or challenges another person in a manner likely to provoke an immediate violent response or that would cause the other person to reasonably believe that the actor intends to cause bodily injury to the recipient or another or damage to the property of the recipient or another;
- (c) Repeatedly makes telephone calls, facsimile, or electronic mail transmissions without purpose of legitimate communication;
- (d) Repeatedly makes a communication anonymously or at an extremely inconvenient hour;
- (e) Repeatedly makes communications, after being advised by the person to whom the communication is directed that further communication is unwelcome; or
- (f) Makes a communication using offensively coarse language that would cause the recipient to reasonably believe that the actor intends to cause bodily injury to the recipient or another or damage to the property of the recipient or another.

Your Committee finds that many of the elements of the two offenses proposed in this measure, namely "harassment by disruptive threats" and "remote harassment", are substantially the same as the elements of harassment under section 711-1106, Hawaii Revised Statutes. In addition, there is redundancy between the elements of the two offenses proposed in this measure.

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

1. Making technical amendments to eliminate redundancy, namely:
 - A. Deleting language that is encompassed within the existing elements of the offense of harassment under section 711-1106, Hawaii Revised Statutes; and
 - B. Amending section 711-1106, Hawaii Revised Statutes, to include the elements of "harassment by disruptive threats" and "remote harassment" that are new by:

- i. Prohibiting a person, with the intent to harass, annoy, or alarm any other person, from making a communication that would cause the other person to reasonably feel emotional or physical distress;
 - ii. Prohibiting a person, with the intent to harass, annoy, or alarm any other person, from making a communication that would disrupt the orderly conduct of any institution, such as a school or business;
 - iii. Defining “communication” to mean conveying signs, signals, writing, images, sounds, data, or other intelligence by telephone call, cellular call, facsimile, electronic mail transmission, computer, pager, or video recorder; and
 - iv. Increasing the penalty for harassment from a petty misdemeanor to a misdemeanor;
2. Making other technical amendments for the purposes of clarity, consistency, and style; and
 3. Changing the defective date to January 1, 2050, to facilitate further discussion.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2436, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2436, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (Hee).

SCRep. 2568 Judiciary and Labor on S.B. No. 2400

The purpose of this measure is to make the resolution of minor criminal offenses, including traffic violations, as simple as possible for the average citizen and to ensure that police, prosecutorial, and judicial resources are focused on the most serious criminal offenses.

Specifically, this measure represents the effort of the Judiciary, various state departments, and the Legislative Reference Bureau to fulfill the mandate of Act 124, Session Laws of Hawaii 2005, to identify minor criminal offenses for which typically only a fine is imposed and which may be decriminalized without undermining the ability of government to enforce laws within its jurisdiction.

Testimony in support of this measure was submitted by the Judiciary. The Department of the Prosecuting Attorney and the Chief of Police of the City and County of Honolulu submitted testimony in opposition. The Legislative Reference Bureau submitted comments.

Your Committee has amended this measure by:

- (1) Deleting references to section 286-122, Hawaii Revised Statutes, relating to surrender of a suspended license, from section 13 of the bill as recommended by the Honolulu Police Department;
- (2) Deleting section 16 of the measure; and
- (3) Changing the effective date of the measure to October 1, 2080, to facilitate further discussion.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2400, as amended herein, and recommends 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 Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Kokubun, Nishihara).

SCRep. 2569 Judiciary and Labor on S.B. No. 3146

The purpose of this measure is to criminalize the human consumption of cats and dogs.

Your Committee received testimony supporting this measure from Aloha4animals2, Animal Rights Hawaii, and three concerned individuals.

Your Committee finds that the recent news of the cruel slaughter and consumption of a pet dog justifies the criminalization of the human consumption of cats and dogs. This measure makes this offense a misdemeanor punishable by imprisonment of up to one year and a fine of up to \$2,000.

Your Committee has amended the measure by:

- (1) Including horses in the offense of human consumption of cats and dogs and in the definition of “pet animal” under chapter 711, Hawaii Revised Statutes; and
- (2) Making technical changes that have no substantive effect.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3146, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3146, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (Hee).

SCRep. 2570 (Joint) Judiciary and Labor and Health on S.B. No. 2157

The purpose of this measure is to clarify the right of a pain patient to be prescribed controlled substances to relieve pain.

Specifically, this measure adds to the pain patient’s bill of rights a provision that the relief of pain shall be guided by the medical principle that physical tolerance and dependence are normal consequences of sustained use of opiate medication, distinguishable from psychological dependency or addiction. This measure also provides that patients suffering severe acute or chronic pain shall be entitled to receive a prescription of opiate medication, if requested by the patient; provided that the patient is not addicted to the opiate and the opiate is appropriate for treatment.

Furthermore, this measure extends the length of time for a schedule II controlled substance prescription to be filled from three to seven days after the prescription is issued to the patient.

Your Committees received testimony in support of this measure from the Policy Advisory Board for Elder Affairs, the Hawaii Family Forum, Kokua Mau, Kauai Hospice, and seven individuals. The Department of Public Safety and the Hawaii Pharmacists Association submitted testimony supporting the extension of the prescription deadline.

Upon further consideration, your Committees have amended this bill by indicating that a patient who suffers severe acute pain or severe chronic pain secondary to a diagnosis in any form of disease and chronic conditions "may" be, rather than "shall" be, entitled to receive a prescription of opiate medication for the treatment of the pain, in order to preclude any assumptions regarding mandating a physician's practice of medicine. Your Committees have also made technical nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Judiciary and Labor and Health that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2157, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2157, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chairs on behalf of the Committees. Ayes, 7. Noes, none. Excused, 4 (Fukunaga, Hee, Kokubun, Menor).

SCRep. 2571 Judiciary and Labor on S.B. No. 2301

The purpose of this measure is to authorize extended terms of imprisonment for convicted felons who inflict serious or substantial bodily injury to pregnant women in the course of committing certain specified felonies.

Your Committee received testimony in support of the measure from the Department of the Prosecuting Attorney of the City and County of Honolulu and a concerned citizen. Testimony in opposition to the measure was received from a concerned citizen. Comments on the measure were received from the Office of the Public Defender.

Your Committee finds that this measure closes a judicially created loophole under which no criminal liability would attach to an offender for offenses committed against an unborn child.

Your Committee has amended this measure by correcting and updating the statutory text to reflect the amendment that was made to the text during the Second Special Session of 2007.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2301, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2301, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (Hee).

SCRep. 2572 Judiciary and Labor on S.B. No. 2449

The purpose of this measure is to provide greater flexibility in setting the duration of probationary periods for new teachers of the Department of Education to enable compliance with collective bargaining agreements.

Testimony in support of the measure was submitted by the Department of Education and the Hawaii State Teachers Association.

Your Committee finds that, pursuant to the collective bargaining agreement negotiated between the exclusive representative for Bargaining Unit 5 and the State, newly employed teachers of the Department of Education are subject to a probationary period of one year, or two semesters. Under the current law, all new teachers, principals, and vice-principals are subject to probationary periods of two years. This measure honors the spirit of the collective bargaining process by allowing the duration of probationary periods to change pursuant to renegotiated collective bargaining agreements.

Your Committee has amended this measure by making technical nonsubstantive changes for the purpose of clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2449, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2449, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2573 Judiciary and Labor on S.B. No. 2458

The purpose of this measure is to establish the offense of criminal impersonation, making it a class C felony to impersonate and make a transmission of information about another person that the transmitter does not believe to be true, with the intent of placing that person at risk of bodily injury.

Testimony in support of this measure was received from the Hawaii State Coalition Against Domestic Violence and the Law Office of Marvin S.C. Dang, LLC. Testimony in opposition to this measure was submitted by the Office of the Public Defender.

In testimony before this Committee, members have heard that since April 2007, a number of Hawaii attorneys received thousands of e-mails from an anonymous sender. The e-mails contain false, derogatory, and defamatory messages about specific attorneys and law offices, as well as politicians, and others. These e-mails were also being sent to people outside the legal community and falsely identified as coming from a specific attorney.

Your Committee finds that this measure will help to deter the use of e-mails to defame, harass, and intimidate people. Your Committee also finds that the classification of this offense as a class C felony is appropriate given that the actions of the perpetrator are so disruptive.

Your Committee has amended this measure by amending the effective date to July 1, 2050, for purposes of facilitating further discussion and clarification.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2458, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2458, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2574 Judiciary and Labor on S.B. No. 2745

The purpose of this measure is to establish that communication of defamatory statements by telephone, facsimile, electronic mail, or other computer communication meets the requirement of publication for defamation actions.

Testimony in support of this measure was received from the Hawaii State Coalition Against Domestic Violence and the Law Offices of Marvin S.C. Dang, LLLC.

In testimony before this Committee, members have heard that since April 2007, a number of Hawaii attorneys received thousands of e-mails from an anonymous sender. The e-mails contain false, derogatory, and defamatory messages about specific attorneys and law offices, as well as politicians, and others. These e-mails were also being sent to people outside the legal community and falsely identified as coming from a specific attorney.

Your Committee finds that this measure will help to deter the use of e-mails to defame, harass, and intimidate people.

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

Your Committee also has amended this measure by changing the effective date to July 1, 2050, for purposes of facilitating further discussion.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2745, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2745, S.D. 1.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2575 (Majority) Judiciary and Labor on S.B. No. 2215

The purpose of this measure is to establish a country of origin labeling requirement for all beef, pork, poultry, and lamb.

Testimony in support of this measure was submitted by the Hawaii Farm Bureau Federation. Testimony in opposition was submitted by the Department of the Attorney General. The Department of Agriculture submitted comments.

This measure requires grocers to list the country of origin of all beef, pork, poultry, and lamb sold in Hawaii. It would allow consumers to know where the meat they are buying is coming from and to make informed decisions about their purchases.

Your Committee is aware that the federal government has enacted similar legislation, but has failed to implement their program since its inception in 2002. The federal program is presently scheduled to be enacted on September 30, 2008.

In light of concern, on the one hand, that this measure may be duplicative of or conflict with the yet-to-be-implemented federal program, and the importance, on the other hand, of food safety, your Committee has amended this measure by amending its effective date to July 1, 2050, for purposes of facilitating further discussion.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2215, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2215, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, 1 (Slom). Excused, 2 (Hee, Kokubun).

SCRep. 2576 (Majority) Ways and Means on S.B. No. 3083

The purpose of this measure is to make emergency appropriations for fiscal year 2007-2008 to the Hawaii Health Systems Corporation to pay current, essential vendors, reduce accounts payable, and allow operation and provision of current levels of service in Hawaii Health Systems Corporation's facilities, including Maui Memorial Medical Center.

Specifically, this measure appropriates \$14,000,000 in section 3(a) to the Hawaii Health Systems Corporation; provided that the operating loan that is being negotiated by Maui Memorial Medical Center closes prior to the enactment of the measure. The measure further appropriates \$11,000,000 to the Hawaii Health Systems Corporation; provided that the same operating loan being negotiated by the Maui Memorial Medical Center is not able to close before the enactment of this measure.

Your Committee received testimony in support of this measure from the Board of Directors and the President of the Hawaii Health Systems Corporation, the Maui Memorial Medical Center, and the Hawaii Government Employees Association.

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

(1) To clarify that:

- (A) The Maui Memorial Medical Center facility is included in the total appropriation of \$25,000,000 to the Hawaii Health Systems Corporation to pay for operation and provision of current levels of service;
- (B) The appropriation is to be expended as follows:

- (i) The \$14,000,000 appropriation to the Hawaii Health Systems Corporation is made unconditionally; and
 - (ii) The \$11,000,000 appropriation shall only be made if the operating loan that is being negotiated by Maui Memorial Medical Center does not close prior to the effective date of this measure.
- (2) Changing the phrase “enactment” to “effective date” in section 3; and
- (3) Making technical nonsubstantive amendments for the 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. 3083, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3083, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, 1 (Hemmings). Excused, none.

SCRep. 2577 Ways and Means on S.B. No. 2639

The purpose of this measure is to:

- (1) Increase aquaculture loan limits for class A and B loans to \$800,000;
- (2) Make credit denial requirements for aquaculture loans consistent with the requirements for agricultural loans;
- (3) Create the New Aquaculturist Program within the Aquaculture Loan Program;
- (4) Transfer and incorporate aquaculture loan funds into the Agricultural Loan Revolving Fund; and
- (5) Increase the expenditure ceiling of the Agricultural Loan Revolving Fund up to the combined ceiling total for the agricultural and aquaculture loan revolving funds.

The Department of Agriculture; HECO Utilities; and Hawaii Oceanic Technology, Inc. submitted testimony in support of this measure.

Currently, the Department of Agriculture administers two separate loan programs, one for agriculture and one for aquaculture. This measure will provide greater funding flexibility by combining the two programs and allowing for increased loan limits.

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

- (1) Clarifying that on July 1, 2008, the Director of Finance shall transfer all unexpended and unencumbered balances remaining in the Aquaculture Loan Reserve Fund to the credit of the Agricultural Loan “Reserve” Fund, rather than the Agricultural Loan “Revolving” Fund; and
- (2) Making technical, nonsubstantive amendments for the 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. 2639, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2639, S.D. 1.

Signed by the Chair on behalf of the Committee. Ayes, 12. Noes, none. Excused, none.

SCRep. 2578 Ways and Means on S.B. No. 2146

The purpose of this measure is to extend from 2009 to 2014 one of the sources of funding for the center of nursing special fund.

Additionally, this measure establishes a position for a non-managerial staff nurse on the advisory board of the Center for Nursing and requires the advisory board to submit reports on alternative funding for the center and nursing turnover and retention.

Your Committee received testimony in support of this measure from the University of Hawaii, Maui Community College, the Hawaii State Center for Nursing Advisory Board, the Honolulu Community Action Program, the Queen’s Medical Center, the Board of Directors of the Hawaii Nurses Association, Healthcare Association of Hawaii, Hospice Hawaii, and several concerned citizens.

Your Committee finds that the center provides a valuable service to the community by addressing the critical nursing shortage issue in the State and will not be able to maintain its present level of commitment if its financial support is diminished.

Your Committee has amended this measure by changing the effective date to July 1, 2008.

As affirmed by the record of votes of the members 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. 2146, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2146, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 12. Noes, none. Excused, none.

SCRep. 2579 Ways and Means on S.B. No. 2219

The purpose of this measure is to expand the period of coverage under QUEST for post-partum and interconception care coverage for up to six months post-pregnancy.

Healthy Mothers Healthy Babies submitted testimony in support of this measure. The Department of Human Services submitted comments.

Your Committee finds that this measure will help improve reproductive health outcomes for women with QUEST coverage by expanding the period of coverage for post-partum and interconception care services for up to six months.

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

- (1) Clarifying that post-partum and interconception care coverage to QUEST recipients may be administered by a person licensed to practice osteopathy under chapter 460, Hawaii Revised Statutes, as well as, a person licensed to practice medicine under chapter 453, Hawaii Revised Statutes; and
- (2) Making technical, nonsubstantive amendments for 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. 2219, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2219, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Hooser).

SCRep. 2580 Ways and Means on S.B. No. 2673

The purpose of this measure is to ensure the continuation of cancer research in Hawaii by increasing the sources of revenue available to support the Cancer Research Center of Hawaii.

More specifically, this measure authorizes the University of Hawaii to deposit to the Hawaii cancer research special fund all fees, charges, and other moneys received in conjunction with the Cancer Research Center of Hawaii programs or through transfers from other accounts or funds. The measure also allows moneys deposited into the fund to be used by the Cancer Research Center of Hawaii for capital expenditures.

Testimony in support of this measure was received from the University of Hawaii. The Tax Foundation of Hawaii submitted comments.

Your Committee has amended this measure by making technical nonsubstantive amendments for the purpose 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. 2673, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2673, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 12. Noes, none. Excused, none.

SCRep. 2581 (Majority) Ways and Means on S.B. No. 2839

The purpose of this measure is to establish the public financial education and asset building task force to develop policy recommendations related to achieving financial goals for Hawaii families and to make an appropriation for task force operations.

More specifically, the task force is directed to examine how asset based policies might be coupled with income based policies as a way for lower-income families to achieve greater financial independence and well-being. The task force is required to submit its recommendations prior to the 2010 legislative session.

Testimony in support of the measure was received from the Department of Education, the Hawaii Alliance for Community-Based Economic Development, Aloha United Way, and the Legal Aid Society of Hawaii. The Department of Human Services and the Department of Budget and Finance submitted comments.

Your Committee has amended the measure to remove the provision to hire and pay a public financial education coordinator to implement the task force standards, given that the task force recommendations are not due to the Legislature until 2010.

As affirmed by the record of votes of the members 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. 2839, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2839, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, 1 (Hemmings). Excused, none.

SCRep. 2582 Ways and Means on S.B. No. 3074

The purpose of this measure is to make an emergency appropriation of general funds to the Department of Health to pay for ambulance service contract collective bargaining cost increases.

Your Committee received testimony in support of this measure from the Department of Health and the City and County of Honolulu Department of Emergency Services.

Your Committee finds that this emergency appropriation of general funds is necessary to comply with collective bargaining increases negotiated by the ambulance service provider on Oahu.

Your Committee has amended this measure by lowering the general fund appropriation to \$707,539, by adding an emergency appropriation of \$1,100,000 out of the emergency medical services special fund, and by adding a proviso that neither of the funds shall be used for any purpose other than the collective bargaining 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 is in accord with the intent and purpose of S.B. No. 3074, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3074, S.D. 1.

Signed by the Chair on behalf of the Committee. Ayes, 12. Noes, none. Excused, none.

SCRep. 2583 Ways and Means on S.B. No. 2877

The purpose of this measure is to establish the Task Force on the Interstate Compact on Educational Opportunity for Military Children.

More specifically, in response to the fact that over twenty other states are considering or will soon consider legislation to enact the Interstate Compact on Educational Opportunity for Military Children, this measure creates and directs the Task Force to examine and report on our State's and other states' current handling of educational requirements for military children, for the purpose of better informing Hawaii's decision-making regarding the Compact.

Testimony in support of the bill was received from the Department of Education and the Chamber of Commerce of Hawaii.

Your Committee finds that providing stability and continuity for military children transferring between school districts and states is an important goal. Your Committee further finds that the intent of an Interstate Compact is to facilitate a more uniform approach between states; however, a thorough analysis of our Department of Education's approach to addressing and resolving the concerns of military children is not yet complete.

Your Committee has amended the measure by specifying that the individual appointed by the Governor to represent the National Guard shall be a member of the Hawaii National Guard.

As affirmed by the record of votes of the members 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, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2877, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Hooser).

SCRep. 2584 Ways and Means on S.B. No. 2472

The purpose of this measure is to authorize the issuance of special purpose revenue bonds for Mohala Pua School.

Your Committee received testimony in support of the measure from Honolulu Waldorf Schools and the Hawaii Association of Independent Schools.

Your Committee finds that this measure will support the educational needs of Mohala Pua School (d.b.a. Waldorf School) by allowing the school to upgrade and renovate its current facilities, including rooms for music, art, and learning support. The special purpose revenue bonds authorized by this bill will also assist the school in constructing a new building for students in grades nine through twelve.

Your Committee has amended the measure by making technical amendments 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. 2472, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2472, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 10. Noes, none. Excused, 2 (Fukunaga, Hooser).

SCRep. 2585 Ways and Means on S.B. No. 3030

The purpose of this measure is to amend the fee structure used to fund the regulation of mixed martial arts.

The Department of Commerce and Consumer Affairs submitted comments.

Given the complex nature of regulating mixed martial arts contests, including the license approval process and pre-fight oversight activities, and recent amendments to the law the Department of Commerce and Consumer Affairs expects regulation costs will be higher than in the past. This measure amends the current fee structure under the Mixed Martial Arts Contests Law by increasing the percentage of the gross receipts collected by the Department of Commerce and Consumer Affairs from contest admission fees in order to cover the projected shortfall in operating costs. According to the Department of Commerce and Consumer Affairs, while it is a significant increase, it is reasonable and comparable to licensing fees for boxing.

Upon further consideration, your Committee has amended this measure by making technical, nonsubstantive amendments for 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. 3030, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3030, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Hooser).

SCRep. 2586 (Joint) Economic Development and Taxation and Agriculture and Hawaiian Affairs on S.B. No. 2644

The purpose of this measure is to:

- (1) Require that any person who is appointed by the Governor as a State Historic Preservation Officer meet the required standards established by the United States Secretary of the Interior; and
- (2) Upon appointment of a State Historic Preservation Officer, require the Governor to immediately advise the President of the Senate and the Speaker of the House of Representatives of the identity of the person appointed and the person's qualifications to serve in the position.

Testimony in support of this measure was received from the Office of Hawaiian Affairs, the O'ahu Island Burial Council, the Society of Hawaiian Archaeology, the Hawaii Government Employees Association AFSCME Local 152, and three individuals. The Department of Land and Natural Resources submitted testimony in opposition.

Your Committees find that section 6E-5, Hawaii Revised Statutes, which authorizes the Governor to appoint a State Historic Preservation Officer, is required of all states wanting to participate in the federal Historic Preservation Program and to receive annual grant support from the Historic Preservation Fund, which is administered by the National Park Service. Under both federal and Hawaii law, the designated State Historic Preservation Officer is responsible for ensuring that the State's Historic Preservation Program meets federal program requirements and that the State Historic Preservation Office is staffed with qualified professionals.

Your Committees are concerned that during the last three years, members have witnessed what can happen when neither the State Historic Preservation Officer nor the Deputy State Historic Preservation Officer has a professional background in historic preservation. The result has been a general and marked deterioration in the program's ability to meet its mandated responsibilities and the loss of a considerable number of professional staff.

Your Committees further find that this measure would be a significant step towards ensuring that the state program is administered in a professional and competent manner, that it is staffed appropriately by professionals meeting national standards, and that decisions are well grounded in historic preservation law and professional practice. In addition, the stricter requirements for the State Historic Preservation Officer do not preclude the Chairperson of the Board of Land and Natural Resources from being designated as the State Historic Preservation Officer, provided that he or she meets these requirements.

Your Committees have amended this measure by:

- (1) Clarifying the findings and purpose section regarding the important role the State Historic Preservation Officer serves with regard to federal and state historic preservation matters, the legislative history that required the position to be appointed on the basis of professional competence and experience in the field of historic preservation, and the failure of past and present governors to appoint Hawaii State Historic Preservation Officers based on these broadly worded qualifications; and
- (2) Making a technical amendment.

As affirmed by the records of votes of the members of your Committees on Economic Development and Taxation and Agriculture and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2644, as amended herein, and recommend 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 Chairs on behalf of the Committees. Ayes, 8. Ayes with Reservations, 1 (Slom). Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2587 (Joint) Energy and Environment and Transportation and International Affairs on S.B. No. 3082

The purpose of this measure is to transfer the cruise ship air emission provisions from Hawaii Revised Statutes (HRS), chapter 342D, Water Pollution, to HRS, chapter 342B, Air Pollution Control.

Testimony in support of this measure was submitted by the Director of Health.

Your Committees find that as HRS chapter 342D, which is titled Water Pollution, currently addresses both water and large commercial passenger ship air pollution, the implementation of the cruise ship air pollution related provisions by the Department of Health is currently difficult and cumbersome. Therefore, this measure supports the Department of Health in smoothly and effectively fulfilling its responsibilities with regard to regulating air pollution from commercial passenger vessels by inserting the related statute into the more appropriate chapter within the HRS.

Your Committees have amended this measure by:

- (1) Correcting an incorrect statutory cross-reference; 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 Energy and Environment and Transportation and International Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3082, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3082, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chairs on behalf of the Committees. Ayes, 7. Noes, none. Excused, 3 (Ihara, Kokubun, Tsutsui).

SCRep. 2588 Ways and Means on S.B. No. 2652

The purpose of this measure is to improve compensation for substitute teachers, who are excluded from collective bargaining.

Specifically this bill provides for periodic wage adjustments for substitute teachers of the Department of Education that are comparable to the wage adjustments negotiated for teachers in bargaining unit 5. The measure also makes an appropriation for wage adjustments for substitute teacher pay.

Testimony in support of the measure was received from the Department of Education, the Hawaii State Teachers Association, the Hawaii Carpenters Union, and Alston, Hunt, Floyd, and Ing, Attorneys at Law.

Your Committee has amended the measure by changing the amount of the appropriation to an unspecified sum and by making technical nonsubstantive amendments for the purpose 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. 2652, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2652, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 10. Noes, none. Excused, 2 (Fukunaga, Hooser).

SCRep. 2589 Ways and Means on S.B. No. 3068

The purpose of this measure is to enable the continuation of existing adult mental health services to meet the needs of the increasing mental health population.

More specifically, the measure appropriates \$10,000,000 from the general fund for the current fiscal year to pay for the following:

- (1) Services provided by the Department of Health's Adult Mental Health Division in the areas of case management, crisis services, treatment services, rehabilitation services, and housing;
- (2) Revenue shortfall caused by a deficit in federal matching funds; and
- (3) Higher operational costs at the Hawaii State Hospital.

Testimony supporting the bill was received from the Department of Health, the Hawaii Substance Abuse Coalition, and CARE Hawaii, Inc.

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

- (1) Increasing the general fund appropriation to \$10,250,443; and
- (2) Appropriating \$1,200,000 from the Mental Health and Substance Abuse Special Fund, thereby also increasing the ceiling for the fund by that amount.

As affirmed by the record of votes of the members 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. 3068, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3068, S.D. 1.

Signed by the Chair on behalf of the Committee. Ayes, 12. Noes, none. Excused, none.

SCRep. 2590 Ways and Means on S.B. No. 2711

The purpose of this measure is to permit the Department of Health to distribute excess moneys in the deposit beverage container deposit special fund to the counties to support the establishment and maintenance of recycling programs.

The County of Kauai, Honolulu Department of Environmental Services, and Maui Department of Environmental Management submitted testimony in support of this measure. The Department of Health submitted testimony in opposition. Anheuser Busch Companies submitted comments.

Your Committee finds that this measure will help the counties address some of the challenges each currently faces in managing solid waste and reducing waste in landfills by providing funding for county-run recycling programs.

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

- (1) Clarifying that the Department of Health may support the implementation and operation of beverage bottle recycling and related county-run recycling programs;
- (2) Providing that excess funds should be calculated after operational expenses authorized by the Legislature, including beverage bottle recycling contracts, are deducted and a reserve amount is established by the Auditor to ensure cash flow;
- (3) Changing the references to fiscal year 2008 and 2009 to calendar year 2008 and 2009 to allow time for fund auditing; and
- (4) Reducing the percentage of excess funds from the deposit beverage container deposit special fund that the Department of Health may allocate to the counties at the end of calendar year 2009 and thereafter, from one hundred per cent to seventy-five per cent.

As affirmed by the record of votes of the members 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. 2711, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2711, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 12. Ayes with Reservations, 1 (Whalen). Noes, none. Excused, none.

SCRep. 2591 Commerce, Consumer Protection and Affordable Housing on S.B. No. 3027

The purpose of this measure is to provide uniformity in the practice and regulation of osteopathic physicians and doctors of medicine by including osteopathic physicians under chapter 453, Hawaii Revised Statutes, relating to the regulation of doctors of medicine, and repealing chapter 460, Hawaii Revised Statutes, relating to the regulation of osteopathic physicians.

Testimony in support of this measure was submitted by the Board of Medical Examiners and the Hawaii Medical Association.

Osteopathic and medical doctors are physicians of equivalent education and training, and should be similarly regulated, accordingly. Your Committee finds that amending chapter 453, Hawaii Revised Statutes, to include osteopathic physicians will enable the Board of Medical Examiners to regulate both professions more uniformly and efficiently.

Your Committee has amended this measure by:

- (1) Adding a definition for "osteopathic medicine" by adopting an amended version of the definition of that term found in section 460-1.3, Hawaii Revised Statutes, to provide further clarity; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee believes that this measure, as amended, fulfills the intent of this measure, which is to provide uniformity in the practice and regulation of osteopathic physicians and doctors of medicine.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3027, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3027, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 3 (Ige, Ihara, Trimble).

SCRep. 2592 Commerce, Consumer Protection and Affordable Housing on S.B. No. 3016

The purpose of this measure is to create a more competitive market for mutual benefit societies by establishing a cap on the deposit required to operate a mutual benefit society at not more than \$20,000,000, and deleting the benefit fund requirement under section 432:1-401, Hawaii Revised Statutes.

Testimony in support of this measure was submitted by the Department of Commerce and Consumer Affairs, and the Hawaii Medical Service Association.

Your Committee finds that small mutual benefit societies are having difficulty complying with the "one-half of twenty times the maximum benefit payable in thirty days" deposit requirement under section 432:1-306, Hawaii Revised Statutes. Deposits by mutual benefit societies protect the public in the event of insolvency; however, tying up unnecessarily large sums in deposits deprives the insurer of funds that could be used to defer premium increases. This measure will remove a barrier to entry for new mutual benefit societies, and allow for a more competitive market, which fulfills the intent of this measure.

Your Committee has amended this measure 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 Commerce, Consumer Protection and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3016, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3016, S.D. 1.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 3 (Ihara, Sakamoto, Taniguchi).

SCRep. 2593 Commerce, Consumer Protection and Affordable Housing on S.B. No. 3015

The purpose of this measure is to help protect consumers of health insurance by establishing prohibited practices for managed care plans.

Specifically, this measure adds a new section to chapter 432E, Hawaii Revised Statutes, that:

- (1) Prohibits disenrollment of a health plan because of a medical condition;
- (2) Prohibits withdrawal of authorization for a procedure by the health plan after the provider has provided health care services;
- (3) Prohibits health insurance contract modifications during the term of the contract, unless the modifications are agreed upon;
- (4) Prohibits post claims underwriting, such as terminating an individual's health plan coverage because the insurer discovers a medical condition that the individual did not know about at the time of underwriting; and
- (5) Provides that eligible charges for nonparticipating providers should be the same as for participating providers.

Testimony in support of this measure was submitted by the Department of Commerce and Consumer Affairs, and the Hawaii Medical Service Association.

Chapter 432E, Hawaii Revised Statutes, relating to the Patients' Bill of Rights, does not contain provisions for unfair or deceptive acts or practices in managed care plans. According to the Insurance Division of the Department of Commerce and Consumer Affairs, this measure is intended to protect consumers by establishing prohibited practices for managed care plans. This measure is based partly on the California Knox-Keene Act regulating managed care plans and federal law.

Your Committee finds that this measure adds protection for consumers by allowing action against insurers by way of complaint or investigation, rather than by external review. Often, consumers cannot obtain legal representation for external review appeals.

Your Committee has amended this measure by:

- (1) Changing the effective date from upon its approval to January 1, 2009, to allow time for all health plans to ensure that current contract language complies with the requirements of this measure; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee believes that this measure, as amended, fulfills the intent of this measure, which is to help protect consumers of health insurance.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection and Affordable Housing 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 Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 2 (Ige, Ihara).

SCRep. 2594 Commerce, Consumer Protection and Affordable Housing on S.B. No. 2933

The purpose of this measure is to encourage Hawaii residents to use renewable energy alternatives and voluntarily reduce their use of fossil fuels by allowing the installation and use of clotheslines to dry clothes.

Specifically, this measure adds a new section to chapter 196, Hawaii Revised Statutes, that:

- (1) Allows a person to install and use a clothesline for the purpose of drying clothes on the premise of a single-family residential dwelling; and
- (2) Provides reasonable restrictions on the location of the clothesline, including for the purposes of gaining access to buildings, providing for emergency access and evacuation, and screening the view of clothes and clotheslines from neighboring streets.

Testimony in support of this measure was submitted by the Department of Business, Economic Development, and Tourism; the Sierra Club, Hawai'i Chapter; the Windward Ahupua'a Alliance; and one private individual. Testimony in opposition to this measure was submitted by the Villages of Kapolei Association, the Mililani Town Association, and one private individual. Princeville at Hanalei Community Association submitted comments.

Electric clothes dryers can consume over ten per cent of a household's energy demand, which relies on fossil fuels to generate the electricity to power the clothes dryer. The use of solar energy to dry clothes by installing and using a clothesline will encourage individuals to use renewable energy and assist in the reduction of Hawaii's dependency on fossil fuels. Despite the benefits of using clotheslines, there are many homeowner associations that prohibit the use of a clothesline to dry clothes due to aesthetic reasons. Your Committee finds that allowing a person to install and use a clothesline for the purpose of drying clothes on the premises of single-family residential dwelling regardless of a provision in a contract or agreement to the contrary will encourage the use of renewable energy alternatives to accomplish household tasks without contributing to a detrimental and costly effect on the environment and economy.

Your Committee recognizes the various suggested amendments from homeowner associations that provide for further screening or fencing of the clothesline, and believes that this measure merits further discussion as it makes its way through the legislative process.

Accordingly, your Committee has amended this measure by:

- (1) Changing the effective date of this measure from upon its approval to July 1, 2050; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee believes that this measure, as amended, fulfills the intent of this measure, which is to encourage Hawaii residents to use renewable energy alternatives and voluntarily reduce their use of fossil fuels.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2933, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2933, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 2 (Ige, Taniguchi).

SCRep. 2595 Commerce, Consumer Protection and Affordable Housing on S.B. No. 2530

The purpose of this measure is to reduce the number of uninsured sole proprietors in Hawaii by requiring group health issuers to offer small group health plans to self-employed individuals who meet certain requirements.

Specifically, this measure amends section 431:2-201.5, Hawaii Revised Statutes, by:

- (1) Requiring group health issuers to offer small group health plans to self-employed individuals who are licensed by the Department of Commerce and Consumer Affairs and are located in the group health issuer's service areas;
- (2) Authorizing the Insurance Commissioner of the Department of Commerce and Consumer Affairs to exempt certain group health plans based on specified criteria; and
- (3) Allowing limits on the timing of enrollment and reenrollment to control adverse selection and plan costs.

Testimony in support of this measure was submitted by the Department of Commerce and Consumer Affairs, the Hawaii Association of Realtors, Kaiser Permanente, The Chamber of Commerce of Hawaii, and two private individuals. Testimony in opposition to this measure was submitted by the Hawaii Association of Health Plans. The Hawaii Medical Service Association submitted comments.

Health insurance coverage is an extremely important, although often expensive, necessity for individuals in Hawaii. Despite the Hawaii Prepaid Health Care Act, there are still a large and growing number of individuals who are without health care coverage, due to the cost, the nature of their work, or lack of eligibility for other reasons. This measure extends health insurance coverage to self-employed individuals who work or reside within a group health issuer's service area, unless the group health issuer is determined to lack adequate capacity for enrollment. Your Committee finds that requiring group health issuers to provide health care coverage will help to reduce the number of uninsured individuals, comprised largely of self-employed individuals.

Your Committee has amended this measure by:

- (1) Inserting a sunset date of July 1, 2013 in order for the Legislature to revisit this issue in five years to examine the cost impact of this measure; and
- (2) Making technical, nonsubstantive amendments for the purposes of style and clarity.

Your Committee believes that this measure, as amended, fulfills the intent of this measure, which is to reduce the number of uninsured sole proprietors in Hawaii.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2530, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2530, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, 1 (Ihara).

SCRep. 2596 Ways and Means on S.B. No. 2542

The purpose of this measure is to ensure that the community health center system remains financially viable and stable in the face of the increasing needs of the population of uninsured and underinsured residents.

Specifically, this measure establishes a process that enables community health centers and rural health clinics to receive supplemental medicaid payments and seek modifications to their scope of services. In addition, this measure appropriates funds to adequately pay federally qualified community health centers for services for the uninsured.

Your Committee received testimony in support of this measure from the Hawaii Primary Care Association, West Hawaii Community Health Center, Inc., Hamakua Health Center, Inc., Kalihi-Palama Health Center, Waimanalo Health Center, Waikiki Health Center, and Waianae Coast Comprehensive Health Center. The Department of Human Services offered comments.

Upon further consideration, 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. 2542, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2542, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 12. Noes, none. Excused, none.

SCRep. 2597 Ways and Means on S.B. No. 2160

The purpose of this measure is to enact recommendations made by the task force convened by Senate Concurrent Resolution No. 117, S.D. 1, H.D. 1, 2006, to "evaluate and recommend possible procedural, statutory, and public policy changes to minimize the census at Hawaii State Hospital and promote community based health services for forensic patients."

Specifically, this measure:

- (1) Requires the Department of Health to produce an annual report on forensic patients;
- (2) Requires yearly court status hearings for individuals ordered to be conditionally released or hospitalized as inpatients by the mental health court;
- (3) Reduces the minimum length of hospitalization from ninety days to thirty days for individuals who are recommitted after conditional release;
- (4) Provides the alternative of further temporary hospitalization instead of proceeding immediately to a revocation of a person's conditional release when a person is in violation of the conditions of the conditional release; and
- (5) Makes an appropriation for mental health court operations.

Your Committee received testimony in support of this measure from the Hawaii Government Employees Association. The Judiciary and the Department of Health submitted comments.

Your Committee has amended this measure by:

- (1) Including language from S.B. No. 3071 that authorizes the Director of Health to petition the court on behalf of any individual served by the Department of Health for discharge from conditional release in appropriate cases;
- (2) Clarifying that the period to be covered in the Department of Health's annual report is the fiscal year and that the annual report is to be submitted no later than twenty days prior to the convening of each regular legislative session;
- (3) Clarifying that the annual report's information on the underlying crimes of committed persons should include information on the types of offenses committed in addition to the grade of offenses committed; and
- (4) By making technical nonsubstantive amendments for the 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. 2160, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2160, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 12. Noes, none. Excused, none.

SCRep. 2598 Ways and Means on S.B. No. 2838

The purpose of this measure is to allow a taxpayer's state income tax refund to be electronically deposited in a maximum of three checking or savings accounts.

Your Committee received testimony in support of this measure from the Hawaii Alliance for Community-Based Economic Development. Your Committee received comments on this measure from the Department of Taxation and the Tax Foundation of Hawaii.

Your Committee finds that refund splitting, or the practice of splitting tax refund amounts electronically, provides a convenient opportunity for taxpayers to save refunded tax dollars and to implement long-term asset goals. This measure also follows the Internal Revenue Code model and provides a convenience that taxpayers can enjoy at both the federal and state levels. Your Committee believes that the Department of Transportation has sufficient current resources to accommodate the requirements of this measure.

Your Committee has amended the measure by:

- (1) Deleting references to the Department “revising” tax returns, which implies that the Department of Taxation may alter the contents of tax returns;
- (2) Allowing refund splitting only with respect to accounts for which an electronic refund request has been received at the federal level; and
- (3) Making technical amendments 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. 2838, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2838, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 12. Noes, none. Excused, none.

SCRep. 2599 Ways and Means on S.B. No. 2991

The purpose of this measure is to:

- (1) Comprehensively address deficiencies in Hawaii’s energy resource coordination statutes; and
- (2) Provide policy guidance on the nature and relationship of the energy data analyses functions of the State Energy Resources Coordinator and the Energy Program.

The Department of Business, Economic Development, and Tourism submitted testimony in support of this measure.

Your Committee finds that the proposed amendments to chapter 196, Hawaii Revised Statutes, reflect the energy security-related analytic functional requirements and responsibilities of the Energy Resources Coordinator. This measure highlights the distinctive differences between the Energy Resources Coordinator’s energy data analytic functions and those of other agencies, such as the Public Utilities Commission.

Upon further consideration, your Committee has amended this measure by making technical nonsubstantive amendments for clarity, consistency, and style, including:

- (1) Referring to “the coordinator” in all amendments, instead of “the director”, to be consistent with chapter 196, Hawaii Revised Statutes;
- (2) Deleting language to the effect that the restrictions on the disclosure of confidential information is for the purpose of “effectuating the purposes of [chapter 196], chapter 125C, and other relevant laws, or in order for the [coordinator] to perform the duties pursuant to [chapter 196], chapter 125C, and other relevant laws” because the purpose is implicit in the restrictions and was previously stated in the amendment to chapter 196, Hawaii Revised Statutes, under section 2 of the bill; and
- (3) Deleting the amendments to the definitions of “coordinator” and “director” in section 196-2, Hawaii Revised Statutes, because it is already clear from the current definitions of “coordinator” and “energy resources coordinator” under sections 196-2 and 196-3, Hawaii Revised Statutes, respectively, that the Director of Business, Economic Development, and Tourism is the Energy Resources Coordinator.

As affirmed by the record of votes of the members 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, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2991, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 12. Noes, none. Excused, none.

SCRep. 2600 Ways and Means on S.B. No. 2663

The purpose of this measure is to make clarifying changes to the membership and nomination process of the Hawaii Teacher Standards Board and increase board accountability.

More specifically, the measure:

- (1) Increases the number of teaching professionals on the Hawaii Teacher Standards Board and defines the term “teachers regularly engaged in teaching”;
- (2) Requires the Board to include information on income and expenditures and supporting data in its annual report; and
- (3) Provides funds for the Board’s data and information management efforts.

The Department of Education and the Hawaii Teacher Standards Board submitted comments.

Your Committee has amended the measure by:

- (1) Increasing the number of “teachers regularly engaged in teaching” on the board from seven to eight, for a total of fifteen members to provide the board with an odd number of members;

- (2) Removing the requirement that network interface partners implement SOAP-based web services or turnkey translation solutions, and instead directing the board and its partner agencies to select a mutually acceptable data transfer method; and
- (3) Making technical nonsubstantive amendments for the purpose 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. 2663, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2663, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Hooser).

SCRep. 2601 Ways and Means on S.B. No. 2660

The purpose of this measure is to provide a state tax deduction for contributions to a 529 plan college tuition program.

Your Committee received testimony in support of the measure from the Securities Industry and Financial Market Association. Your Committee received comments on the measure from the Department of Taxation, the Department of Budget and Finance, the Hawaii Association of Independent Schools, Upromise Investments, Inc., and the Tax Foundation of Hawaii.

Your Committee finds that federal tax-deferred college savings plans or “529 plans” allow the states to establish savings programs to assist and encourage families to set aside funds for future higher education expenses.

The tax deduction under this measure provides an additional tax benefit and incentive for college-bound students and their families to prepare financially for the cost of a college education.

Your Committee has amended the measure by:

- (1) Underscoring appropriate provisions of the measure to comply with Ramseyer bill drafting requirements;
- (2) Adding an effective date for the measure of “upon approval”; and
- (3) Making technical amendments 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. 2660, S.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2660, S.D. 3.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Hooser).

SCRep. 2602 Ways and Means on S.B. No. 3119

The purpose of this measure is to make an emergency appropriation out of the state highway fund for fiscal year 2007-2008 to the Department of Transportation for the state highway system.

Your Committee received testimony in support of this measure from the Department of Transportation, the Hawaii Building and Construction Trades Council, and the Hawaii Transportation Association.

Your Committee finds that this emergency appropriation is necessary to cover the rising costs of operating and maintaining the state highway system in fiscal year 2007-2008.

Your Committee has amended this measure by expanding the breakout of appropriations by program in section 4.

As affirmed by the record of votes of the members 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. 3119, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3119, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 12. Noes, none. Excused, none.

SCRep. 2603 Ways and Means on S.B. No. 2739

The purpose of this measure is to establish that the Makena-Keone‘o‘io government road on Maui’s southwest flank is under the jurisdiction of the Department of Land and Natural Resources.

This measure requires the Department of Land and Natural Resources to adopt rules regarding entry into the Ahihi-Kinau natural area reserve through the Makena Keone‘o‘io government road and appropriates an unspecified amount for the repair and maintenance of the road.

Your Committee received testimony in opposition to this measure from the Department of Land and Natural Resources.

Upon further consideration, your Committee has amended this measure to clarify that only that portion of the Makena-Keone‘o‘io government road that traverses the natural area reserve is under the jurisdiction of the Department of Land and Natural Resources and that the remainder of the road lying outside the natural area reserve remains under the jurisdiction of the Department of Transportation. Your Committee has also made technical nonsubstantive amendments for the 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. 2739, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2739, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Inouye).

SCRep. 2604 Ways and Means on S.B. No. 3023

The purpose of this measure is to authorize the creation of both special purpose financial captive insurance companies and sponsored captive insurance companies, and to require their regulation by the Insurance Commissioner.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs, Beecher Carlson Insurance Services, Artex Risk Solutions, the Hawaii Captive Insurance Council, and Alliance Captive Insurance Services.

Your Committee finds that this measure will promote the diversification and evolution of the captive insurance industry in the State of Hawaii by providing additional sources of capital.

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 Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3023, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3023, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Hooser).

SCRep. 2605 (Majority) Ways and Means on S.B. No. 2555

The purpose of this measure is to establish a Department of Planning and Sustainability.

Your Committee received testimony in support of this measure from the Hawaii Government Employees Association. Your Committee received testimony in opposition to this measure from the Department of Business, Economic Development, and Tourism, the Department of Land and Natural Resources, and the Chamber of Commerce of Hawaii. The Hawaii Community Development Authority and Castle and Cooke submitted comments on the measure.

Your Committee finds that Act 8, Special Session Laws of Hawaii 2005, created the Hawaii 2050 Sustainability Task Force which produced the Hawaii 2050 Sustainability Plan to revitalize the State's long-term planning process to guide the future development of Hawaii.

Your Committee further finds that several existing state agencies that serve various functions with respect to sustainability are under different state departments for administrative purposes. Combining these agencies with their respective duties and responsibilities under a single state department will enable these agencies to unify their efforts under a single administrative umbrella to better identify, define and administer the State's long-range planning and sustainability initiatives and policies to eliminate duplication of effort and maximize state resources.

Your Committee has amended the measure by:

- (1) Adding "any other board or commission as provided by law" to the agencies under the jurisdiction of the Department of Planning and Sustainability in the proposed section -2 for purposes of consistency;
- (2) Clarifying in sections 17 and 18 of the bill that its references to the former departments from which the agencies (under the new department) were transferred that shall be deemed to refer to the Department of Planning and Sustainability; and
- (3) Making technical amendments 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. 2555, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2555, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 10. Ayes with Reservations, 1 (Whalen). Noes, 1 (Hemmings). Excused, 1 (Hooser).

SCRep. 2606 Judiciary and Labor on S.B. No. 1487

The purpose of this measure is to amend Hawaii's controlled substance schedules to conform to changes made in federal law.

Specifically, this measure:

- (1) Adds various derivatives and elements to the category of depressants under schedule II substances;
- (2) Deletes phencyclidine immediate precursors from depressants under schedule II substances;
- (3) Adds phenmetrazine and its salts and methylphenidate to stimulants under schedule II substances;
- (4) Adds immediate precursors to certain schedule II substances;
- (5) Clarifies depressants under schedule IV substances;
- (6) Adds pregabalin under depressants for schedule V substances; and
- (7) Clarifies the provision relating to sales of products, mixtures, or preparations containing pseudoephedrine by deleting reference to the non-applicability of products, mixtures, or preparations wherein pseudoephedrine is not the only active ingredient.

Your Committee received testimony in support of this measure from the Department of Public Safety.

The intent of this measure is to conform Hawaii's Uniform Controlled Substances Act to federal law which changes periodically. Your Committee finds that it is necessary for law enforcement and prosecution purposes for state law to be consistent with federal laws.

Your Committee has amended this measure by making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1487, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1487, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Nishihara).

SCRep. 2607 (Majority) Judiciary and Labor on S.B. No. 2782

The purpose of this measure is to aid in the deterrence of criminal activity by including the theft of stainless steel beverage containers, otherwise known as beer kegs, in laws intended to prevent theft and resale of copper.

Testimony in support of this measure was submitted by the Legislative Center. Testimony in opposition was submitted by the Office of the Public Defender.

The theft of beer kegs has become a problem in recent years. Testimony indicates that the beer industry loses over 300,000 kegs per year, which equals approximately \$15,000,000, due to the theft and resale of beer kegs. Beer kegs or stainless steel beverage containers are one hundred per cent recyclable; thus, making these containers attractive for individuals for redemption into cash. Your Committee finds that including the theft of beer kegs in laws intended to prevent theft and resale of copper will deter the theft of stainless steel beverage containers.

Your Committee has amended this measure by making technical, nonsubstantive amendments for the purpose of clarity, style, and to harmonize the repeal date of the provisions of this measure with the repeal date of the State's copper theft law.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2782, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2782, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, 1 (Slom). Excused, 2 (Hee, Kokubun).

SCRep. 2608 Judiciary and Labor on S.B. No. 3008

The purpose of this measure is to streamline and update the Code of Financial Institutions under chapter 412, Hawaii Revised Statutes, by eliminating obsolete requirements and improving the procedures for the licensing and regulation of financial institutions in Hawaii by the Department of Commerce and Consumer Affairs, Division of Financial Institutions.

Specifically, this measure:

- (1) Requires financial services loan companies to conspicuously display their licenses;
- (2) Addresses temporary closures of Hawaii financial institutions during emergencies;
- (3) Clarifies the authority of a person to serve as a trustee or trust company;
- (4) Clarifies how prepayment penalties are calculated;
- (5) Clarifies when the Commissioner of Financial Institutions may examine a financial institution holding company;
- (6) Places a Hawaii licensed foreign bank on equal footing with a Hawaii state-chartered financial institution when relocating its place of business less than a mile from its existing location; and
- (7) Allows greater access to records by State of Hawaii inspectors.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs and Hawaii Financial Services Association.

Your Committee finds that this measure will reduce regulatory burden where significant consumer interests are not adversely affected, update the Code of Financial Institutions to recognize changes in the industry and make needed clarifications, and provide more flexibility in supervising and regulating the financial institutions industry.

Your Committee has amended this measure by:

- (1) Deleting all provisions relating to criminal history record checks;
- (2) Changing the effective date to July 1, 2050, for purposes of facilitating further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3008, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3008, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2609 Judiciary and Labor on S.B. No. 2456

The purpose of this measure is to:

- (1) Amend the offense of harassment by prescribing repeated communications by means of "other computer communication";
- (2) Add computer communication as a form of nonconsensual contact in the offense of harassment by stalking; and

(3) Change the classification of the foregoing offenses to a class C felony.

Testimony in support of this measure was received from the Hawaii State Coalition Against Domestic Violence and the Law Offices of Marvin S.C. Dang, L.L.L.C. Testimony in opposition was submitted by the Office of Public Defender.

Your Committee finds that a number of Hawaii attorneys have received thousands of e-mails from an anonymous sender. The e-mails contain false, derogatory, and defamatory messages about specific attorneys and law offices, as well as politicians, and others. These e-mails were also being sent to people outside the legal community and falsely identified as coming from a specific attorney.

Your Committee finds that this measure will help to deter the use of e-mails to defame, harass, and intimidate people. Your Committee further finds that the classification of this offense as a class C felony is appropriate since the actions of the perpetrator are so disruptive.

Your Committee has amended this measure by amending the effective date to July 1, 2050, for the purpose of facilitating further discussion.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2456, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2456, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2610 Judiciary and Labor on S.B. No. 3078

The purpose of this measure is enact a worksite wellness law to grant immunity to employers from personal injury claims by an injured employee worksite wellness program participant where the employee is provided workers' compensation benefits.

Your Committee received testimony in support of this measure from the Department of Health and the Hawaii Government Employees Association.

Worksite wellness refers to the policies and practices that support profitability for the organization and employability for the individual. Recent empirical research validates that health promotion programs at the worksite can improve health, save money, and produce a return on investment. A United States Department of Health and Human Services report in 2002 revealed that at worksites with physical activity programs, employers have:

- (1) Reduced healthcare costs by twenty to fifty-five per cent;
- (2) Reduced short-term sick leave by six to thirty-two per cent; and
- (3) Increased productivity by two to fifty-two per cent.

More and more states and companies are building world-class wellness programs. As the costs of health benefits continue to rise, employers have an opportunity to impact the health of employees through changes to the workplace environment and the culture of the worksite.

The Department of Health has implemented a demonstration pilot program with employees to encourage increased physical activity and healthy eating. Thirty minutes of moderate physical activity a day for adults can be achieved when people break the thirty minutes into ten minute sessions and will more likely be sustained when done in a supportive team environment.

However, concerns over liability for injury or damage that may occur during voluntary participation in worksite physical activity promotions are deterrents to employees and their supervisors. These issues had a dampening effect on organizing employee team physical activity opportunities.

Your Committee finds that granting immunity from liability to state and county agencies and authorizing workers' compensation benefits for injured employees will encourage the formation of and participation in government worksite wellness programs.

Your Committee has amended this measure by making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3078, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3078, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Nishihara).

SCRep. 2611 Water and Land on S.B. No. 2487

The purpose of this measure is to specify permissible activities of groups leasing campsites on state parks or public lands.

Specifically, this measure specifies that fishing, ocean and marine conservation, and forestry are among the activities allowed.

Testimony in support of this measure was submitted by the Department of Land and Natural Resources and one individual.

Your Committee finds that the youth of the State will benefit by clarifying the permitted uses for which public camp grounds may be leased.

Your Committee has amended this measure by amending the effective date to July 1, 2050.

As affirmed by the record of votes of the members of your Committee on Water and Land that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2487, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2487, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Fukunaga, Whalen).

SCRep. 2612 Commerce, Consumer Protection and Affordable Housing on S.B. No. 2159

The purpose of this measure is to ensure that licensed mental health counselors continue to provide mental health services by repealing section 26H-4, Hawaii Revised Statutes, which repeals the mental health counselor regulatory program as of December 31, 2008.

Testimony in support of this measure was submitted by the Office of the Auditor, Kaiser Permanente, the Hawaii Rehabilitation Counseling Association, the Alliance for Professional Counselor Licensure, and twenty-eight private individuals. The Department of Commerce and Consumer Affairs submitted comments.

Your Committee finds that state licensure for mental health counselors assures professionalism and protection of consumer health. Mental health clinicians holding advanced degrees in their field bring valuable skills to the community. Your Committee recognizes the large number of testimony submitted in support of this measure and believes that the title and practice of these clinicians should be protected and made permanent.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2159 and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 5. Ayes with Reservations, 1 (Trimble). Noes, none. Excused, 2 (Ige, Taniguchi).

SCRep. 2613 Commerce, Consumer Protection and Affordable Housing on S.B. No. 2314

The purpose of this measure is to allow small health insurers with less than five per cent of the market share to offer different types of benefits in a single unified policy.

Testimony in support of this measure was submitted by State Farm Insurance Companies, and the Hawaii Medical Assurance Association. Testimony in opposition to this measure was submitted by the Department of Commerce and Consumer Affairs, the Department of the Attorney General, and the Hawaii Medical Service Association.

Your Committee finds that this measure is intended to help self-employed workers and small businesses by continuing to allow broader coverage for less cost without affecting the Prepaid Health Care Act. Your Committee notes the testimony submitted in opposition to this measure that raises concerns that this measure will weaken the anti-bundling provisions in the Insurance Code, which are designed to protect consumers from an insurer who refuses to sell one policy unless another policy or policies are also purchased. However, your Committee also recognizes the testimony submitted in the support of this measure from smaller insurance companies who are committed to providing sole proprietors and independent contractors benefits that are equal to or exceed the benefits that the larger insurance companies offer and who possess a larger portion of the market share.

Your Committee notes that the previous committee, the Committee on Health, changed the effective date of this measure to January 1, 2050. Recognizing that there are many small business owners and independent contractors in the State who are unable to obtain health insurance, your Committee encourages further discussion on this matter as this measure moves through the legislative process.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2314, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 6. Ayes with Reservations, 1 (Taniguchi). Noes, none. Excused, 1 (Ihara).

SCRep. 2614 (Majority) Commerce, Consumer Protection and Affordable Housing on S.B. No. 2770

The purpose of this measure is to ensure that patients injured in automobile accidents receive prompt access to appropriate treatment for optimum rehabilitation and recovery by exempting motor vehicle insurers from being required to make available to the insured, at the insured's option, personal injury protection benefits through managed care, if there are fewer than five managed care providers or equivalent entities within twenty-five miles of the claimant.

Testimony in support of this measure was submitted by the Consumer Lawyers of Hawaii. Testimony in opposition to this measure was submitted by the Department of Commerce and Consumer Affairs, the Government Employees Insurance Company (GEICO), and one private individual.

Existing automobile insurance laws provide that personal injury protection benefits covering medical treatment may be offered on an optional managed care basis. Insurance companies are not required to make this option available, but may do so if they can provide medical treatment through a managed care program. Obtaining medical treatment under a managed care program can be challenging, especially for individuals on the neighbor islands who do not reside in close proximity to a physician who is a medical provider under the program. Your Committee finds that providing an exemption for insureds from the required treatment under a managed care program will allow injured individuals to receive timely treatment by their private physicians.

Your Committee recognizes the testimony submitted in opposition to this measure that raises concerns that allowing this exemption may provide a disincentive for insurers to establish or maintain a managed care system, which ultimately would be detrimental to consumers as their premium rates may increase as a result. Your Committee believes that this issue merits further input in order to be explored and discussed so that appropriate actions may be taken. Your Committee notes that the previous committee, the Committee on Health, inserted an effective date of July 1, 2050, and encourages further discussion on this matter as this measure moves through the legislative process.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2770, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, 1 (Trimble). Excused, 3 (Ihara, Sakamoto, Taniguchi).

SCRep. 2615 Commerce, Consumer Protection and Affordable Housing on S.B. No. 3130

The purpose of this measure is to reduce the nursing shortage in the State by providing additional means by which a student may qualify for licensure as a registered nurse.

Specifically, this measure allows a master's degree candidate in a nursing program, who has completed the pre-licensure component of the program at an accredited and Board of Nursing-qualified school of nursing, to apply for a license by examination to practice as a registered nurse.

Testimony in support of this measure was submitted by the University of Hawaii system; the Board of Nursing; the Hawai'i State Center for Nursing; the Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO; the Healthcare Association of Hawaii; and one private individual.

The Master's Entry Program in Nursing (MEPN) is designed for adult learners with no prior nursing experience or education, who have a baccalaureate degree or higher in another field other than nursing, are leadership bound, and are seeking a career in advanced practice nursing. The program equips students with entry-level professional nursing competencies as a foundation for advanced practice roles, and was developed by the University of Hawaii at Manoa's School of Nursing and Dental Hygiene in response to the nursing shortage in the State and student interest. Your Committee finds that providing an additional means to qualify for licensure as a registered nurse by allowing a graduate who has completed the pre-licensure portion of an MEPN to apply for a license as a registered nurse by examination fulfills the intent of this measure, which is to reduce the nursing shortage in the State.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3130, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 3 (Ige, Ihara, Trimble).

SCRep. 2616 Commerce, Consumer Protection and Affordable Housing on S.B. No. 3028

The purpose of this measure is to ensure that all applicants granted an acupuncture license meet equivalent standards of training and education.

Specifically, this measure requires foreign-educated acupuncture applicants to have their educational information evaluated by a board approved and designated professional evaluator to determine curriculum equivalency.

Testimony in support of this measure was submitted by the Board of Acupuncture.

Section 436E-5, Hawaii Revised Statutes, requires the Board of Acupuncture to ensure that applicants for acupuncture examination and licensure meet the same high standards for acupuncture education, regardless of whether applicants attend a program located in the United States or in a foreign country. Unlike a national accrediting body that oversees U.S. acupuncture programs, a similar accrediting body to oversee the foreign acupuncture education programs does not exist, which forces the Board of Acupuncture to undertake duties similar to that of an accrediting body to meet its requirements under section 436E-5, Hawaii Revised Statutes, with respect to foreign applicants.

Your Committee finds that this measure will ensure educational equivalency requiring, at the applicant's expense, a professional credentialing evaluator with the expertise and resources to appropriately evaluate foreign curriculum and transcripts. This will assist the Board of Acupuncture in expediting the applications from graduates of foreign acupuncture programs, and ensure that all applicants for acupuncture, regardless of the country location of their education, meet the standards of acupuncture education.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3028 and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 2 (Ige, Ihara).

SCRep. 2617 Judiciary and Labor on S.B. No. 2900

The purpose of this measure is to:

- (1) Establish that any county has the power to enforce laws and rules applicable to the use of public streets or highways whose ownership is in dispute between the State and county; and
- (2) Ensure that the general public retains the right to use public roads whose ownership is in dispute to access coastal and inland recreational areas, including beaches, shores, parks, and trails.

Comments on this measure were submitted by a Maui County Council member.

Your Committee finds that this measure will safeguard the public's right to use roadways whose ownership is in dispute between the State and the counties. As stated in the measure, the counties' enforcement of traffic laws on these roadways will not result in a presumption of county ownership of these roadways.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2900, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2618 (Majority) Judiciary and Labor on S.B. No. 3200

The purpose of this measure is to address the retention of an outside attorney for a department if the State Attorney General declares a conflict of interest.

Specifically, this measure provides that if the State Attorney General discloses a conflict of interest that requires the State Attorney General to decline representation, a department may waive the conflict and require the State Attorney General to represent the department. However, if the State Attorney General still declines the representation, then the State Attorney General is required to employ or retain and employ an outside attorney whose selection is subject to the department's approval.

The measure also expands the definition of "department" to include the Legislature and the Judiciary.

Your Committee received testimony in support of this measure from the Judiciary. Testimony in opposition was received from the State Attorney General.

Your Committee finds that this measure would ensure that when the Legislature or the Judiciary seeks legal counsel from the Attorney General, the Attorney General must provide such legal counsel. However, if there is a legitimate conflict that calls into question whether the Attorney General can provide legal representation, the Attorney General can either endeavor to establish adequate ethical screens within the Department of the Attorney General, or if that is not viable, ensure that private counsel is retained by assisting with the procurement process and financing the procured legal representation.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3200, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, 1 (Slom). Excused, 2 (Hee, Kokubun).

SCRep. 2619 Judiciary and Labor on S.B. No. 3021

The purpose of this measure is to:

- (1) Authorize the Insurance Commissioner to license persons working in the viatical settlements industry, including the authority to examine the business and affairs of any licensed viatical settlement provider or broker;
- (2) Regulate and combat viatical fraud and provide administrative and criminal penalties for violations;
- (3) Provide various consumer protections, such as the requirement to disclose to the consumer possible alternatives to viatical settlement contracts, and information regarding tax consequences and the right of the viator to rescind the viatical settlement contract;
- (4) Require the filing of viatical settlement promotional, advertising, and marketing materials with the Insurance Commissioner;
- (5) Protect the viator's identity and privacy; and
- (6) Impose a five-year prohibition on settling a life insurance policy to force investors to wait a longer period of time before being able to own the policy.

Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs, the American Council of Life Insurers, the National Association of Insurance and Financial Advisors Hawaii, and the Life Settlement Institute.

This measure enacts the National Association of Insurance Commissioners Viatical Settlement Model Act. A viatical settlement is the sale of a life insurance policy by the policy owner for an immediate cash benefit. It is a tool that typically can provide the policy owner who sells the policy with more funds than could have been realized if the policy had been surrendered to the insurer. These transactions usually involve terminally or chronically ill individuals (the viator) who want to sell their insurance policy to a third party or secondary market, in return for a portion of the death benefit.

Your Committee finds that this measure provides added protections for insureds who may be enticed into viatical settlements and face unexpected taxes, transaction fees, loss of insurance capacity, legal costs, and loss of privacy with respect to their medical records. The intent of this measure is to provide protections for terminally or chronically ill consumers and healthy, elderly consumers who wish to sell their insurance policies to third party brokers in return for a portion of the death benefit.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3021, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Nishihara).

SCRep. 2620 (Majority) Judiciary and Labor on S.B. No. 2081

The purpose of this measure is to establish procedures that the Governor is required to follow before granting a pardon for a crime.

Specifically, this measure requires:

- (1) The Governor to refer all pardon applications to:
 - (A) The Hawaii Paroling Authority if the pardon applicant has been incarcerated or has been on parole for the crime for which the pardon is being sought; or
 - (B) The Judiciary if the pardon applicant has not been incarcerated and has been placed on probation for the crime for which the pardon is being sought;

- (2) The Paroling Authority or the Judiciary, as the case may be, to furnish all information on the pardon applicant and make a recommendation to the Governor as to granting or refusing the pardon;
- (3) That the Governor receive the information from the Paroling Authority or the Judiciary prior to granting any pardon; and
- (4) That prior to granting the pardon, the Governor give thirty days public notice of the pardon and reasons therefor.

Testimony in support of this measure was submitted by a private citizen.

Testimony in opposition to this measure was submitted by the Office of the Governor; Department of the Attorney General; and the Hawaii Paroling Authority.

Your Committee finds that requiring the Governor to give a minimum of thirty days public notice prior to issuing a pardon is good public policy, as the public is given the opportunity to investigate and share its concerns.

Your Committee further finds that involvement by the Hawaii Paroling Authority and Judiciary will increase transparency and oversight in the pardon procedure.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2081, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, 1 (Slom). Excused, 2 (Hee, Kokubun).

SCRep. 2621 Judiciary and Labor on S.B. No. 2141

The purpose of this measure is to prohibit the consumption of alcohol in common areas and on public sidewalks within public housing projects.

Testimony in support of this measure was submitted by the Hawaii Public Housing Authority and sixteen private citizens.

Your Committee finds that this measure will promote public safety by enabling law enforcement to enter public housing projects to address problems related to people drinking alcohol in the common areas, as a violation of state law.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2141 and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2622 Judiciary and Labor on S.B. No. 2523

The purpose of this measure is to allow the Department of Agriculture to:

- (1) Regulate or prohibit the sale of plants or portions of plants designated as restricted plants or noxious weeds;
- (2) Designate, by rule, as restricted plants, specific plants that may be detrimental or potentially harmful.

Testimony in support of this measure was submitted by the Chairperson of the Board of Land and Natural Resources; Chairperson of the Board of Agriculture; Conservation Council for Hawaii; The Nature Conservancy; and the Sierra Club, Hawaii Chapter.

Your Committee finds that by updating statutes regarding the importation of plants and the scope of related Department of Agriculture administrative rules, this measure will reduce the risk that imported plants or plant parts will introduce pests, diseases, or invasive plant species into the State.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2523, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2623 Ways and Means on S.B. No. 2876

The purpose of this measure is to appropriate federal Reed Act funds for fiscal year 2008-2009 for the county workforce investment boards and the workforce development council.

The Department of Public Safety, Department of Labor and Industrial Relations, Workforce Development Council, Hawaii County Mayor, Hawaii County Office of Housing & Community Development, Hawaii County Prosecuting Attorney's Office, Hawaii Community College, Kauai County Office of Economic Development, Kanoelehua Industrial Area Association, Inc., Forward March, Big Island Toyota, and ten individuals submitted testimony in support of this measure.

The Reed Act is a provision of the federal Social Security Act that provides for the distribution of federal unemployment tax funds to state unemployment insurance and employment service programs in the event the federal government collects excess unemployment tax revenue. Your Committee finds that this measure is necessary under federal law to permit the use of the Reed Act distributions.

As affirmed by the record of votes of the members 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 and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Hooser).

SCRep. 2624 (Majority) Ways and Means on S.B. No. 520

The purpose of this measure is to establish a Peace Mission Committee within the Office of International Affairs.

Specifically this measure creates a seven-member Peace Mission Committee within the Office of International Affairs in the Department of Business, Economic Development, and Tourism. The purpose of the Peace Mission Committee is to develop peace missions to other nations and international organizations, cultural exchange and goodwill programs with other nations, and charitable donation programs with other nations. Furthermore, this bill appropriates \$500,000 to be used by the Peace Mission Committee for these purposes.

Testimony in support of this measure was submitted by the Department of Business, Economic Development, and Tourism.

Your Committee finds that the Peace Mission Committee and funding will be instrumental in helping the Office of International Affairs to expand its role to include peace initiatives, cultural exchange, and international goodwill 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. 520, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 11. Ayes with Reservations, 1 (Whalen). Noes, 1 (Hemmings). Excused, none.

SCRep. 2625 Ways and Means on S.B. No. 2202

The purpose of this measure allows a candidate for the office of prosecuting attorney to qualify for partial public financing.

More specifically, the measure provides that candidates may receive contributions, retroactive to January 1, 2008, that would qualify them for partial public financing, provided that contributions do not exceed the campaign expenditure limits.

Testimony in support of the measure was received from the State Campaign Spending Commission.

Your Committee finds that this measure reinstates language in the Hawaii Revised Statutes that was deleted by Act 203, Session Laws of Hawaii 2005.

As affirmed by the record of votes of the members 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. 2202 and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Inouye).

SCRep. 2626 Ways and Means on S.B. No. 3088

The purpose of this measure is to authorize the Labor and Industrial Relations Appeals Board to employ a hearings officer in order to expedite hearings on certain workers' compensation matters.

More specifically, this measure would allow a hearings officer to conduct hearings and prepare proposed decisions and orders to be reviewed by the Board, particularly for time-sensitive matters concerning issues such as vocational rehabilitation, medical care, and temporary total disability benefits.

Testimony in support of the measure was received from the Department of Labor and Industrial Relations, the Labor and Industrial Relations Appeals Board, and the International Longshore and Warehouse Union Hawaii.

Your Committee finds that fast-tracking the time-sensitive appeals through a hearings officer trained, employed, and directed by the Chair and members of the Labor and Industrial Relations Appeals Board will promote timely and cost-effective decision-making and help to ensure the issuance of meaningful and case relevant decisions.

As affirmed by the record of votes of the members 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. 3088 and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Hooser).

SCRep. 2627 Ways and Means on S.B. No. 3109

The purpose of this measure is to repeal the correctional program revolving fund.

The Department of Public Safety submitted testimony in support of this measure.

Your Committee finds that a recent report by the Auditor dated October 2007 included a recommendation that the Legislature reassess the need for repeal of the correctional program revolving fund. The fund was established to offset the cost of inmate programs through revenues derived from fees charged to committed or detained persons participating in correctional programs. However, the fund has been closed since 1996 due to inactivity and has no funds in it. The Committee accordingly finds that the fund should be repealed.

As affirmed by the record of votes of the members 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. 3109, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Hooser).

SCRep. 2628 Ways and Means on S.B. No. 2041

The purpose of this measure is to appropriate funds to match federal funding for the disproportionate share hospital allowance.

Your Committee received testimony in support of this measure from the Hawaii Health Systems Corporation, the Chamber of Commerce of Hawaii, The Queens Medical Center, Hawaii Pacific Health, Healthcare Association of Hawaii, and Rehabilitation Hospital of the Pacific. The Department of Human Services offered comments.

Your Committee finds that the appropriation of matching funds for the State's portion of the federal disproportionate share hospital allowance in this measure will support medicaid coverage for the State's most vulnerable populations while ensuring that payments made with state funds or controlled by the State are sufficient to cover the actual costs of the care provided.

As affirmed by the record of votes of the members 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. 2041 and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Hooser).

SCRep. 2629 Ways and Means on S.B. No. 2226

The purpose of this measure is to appropriate funds to the State Commission on Fatherhood.

More specifically, this measure appropriates an unspecified amount of funds from the Temporary Assistance to Needy Families program to promote and support healthy families in Hawaii through recognizing the important and unique role of fathers in the lives of their children, families, and communities.

The Department of Human Services submitted comments.

Your Committee finds that dedicating resources to the State Commission on Fatherhood will help advance its important goals and mission, which include identifying and promoting new laws, policies, and best practices to improve the involvement of fathers in children's lives.

As affirmed by the record of votes of the members 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. 2226, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Hooser).

SCRep. 2630 (Majority) Ways and Means on S.B. No. 2837

The purpose of this measure is to make clarifying amendments to the individual development accounts law.

Additionally, this measure appropriates funds to the Department of Human Services to operate individual development account programs.

Your Committee received testimony in support of this measure from the Hawaii Alliance for Community-Based Economic Development and Aloha United Way. Comments on the measure were received from the Department of Human Services.

Your Committee finds that individual development accounts are special savings accounts for specified asset-building goals that are opened by low- and moderate-income families and into which the State makes matching deposits. Your Committee finds that the clarifying amendments made in this measure will provide program expansion and flexibility as well as improved 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. 2837, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, 1 (Hemmings). Excused, none.

SCRep. 2631 Ways and Means on S.B. No. 2958

The purpose of this measure is to implement statewide wireless enhanced 911 services at reduced expense to the public.

More specifically, this measure decreases from 66 cents to 43 cents per month the surcharge paid by customers on each mobile radio service connection for the Wireless Enhanced 911 Fund.

Testimony in support of this measure was submitted by the Department of Accounting and General Services.

Your Committee finds that the amount of funds required to implement the first two phases of the wireless enhanced 911 services is less than originally forecast. Your Committee further finds that reducing the surcharge on every commercial mobile radio service connection will reimburse the public while still allowing for the statewide deployment, operation, and maintenance of wireless enhanced 911 systems, as well as future system enhancements.

As affirmed by the record of votes of the members 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. 2958, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Hooser).

SCRep. 2632 (Majority) Ways and Means on S.B. No. 2189

The purpose of this measure is to establish the Makua Valley Reserve Commission to oversee preservation and restoration efforts in Makua Valley.

Specifically, this measure:

- (1) Establishes the Makua Valley Reserve and limits its future uses in perpetuity to cultural, archaeological, and environmental preservation, restoration, protection, and education;
- (2) Establishes the Makua Valley Reserve Commission to have authority over the control and management of the Makua Valley;
- (3) Creates penalties for violating laws or rules applicable to the Makua Valley Reserve;

- (4) Establishes that, upon expiration of the Army's lease on the valley, the valley shall be held in trust as part of the public land trust, and provides for the valley's transfer to a sovereign native Hawaiian entity upon its recognition by the United States and the State; and
- (5) Establishes the Makua Valley rehabilitation trust fund.

Your Committee received testimony in support of this measure from a concerned individual, and also received comments from a concerned individual. Testimony in opposition to this measure was received from the Department of Land and Natural Resources.

Your Committee finds that Makua Valley is home to significant cultural, historical, and environmental resources, and that the creation of the Makua Valley Reserve Commission will provide an effective mechanism for restoring and preserving these natural 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. 2189, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 10. Noes, 1 (Hemmings). Excused, 1 (Inouye).

SCRep. 2633 Ways and Means on S.B. No. 2034

The purpose of this measure is to authorize the issuance of special purpose revenue bonds to assist Oceanlinx Hawaii LLC.

Your Committee received testimony in support of the measure from Oceanlinx Hawaii LLC and the Maui Electric Company. Comments on the measure were received from the Department of the Attorney General.

Your Committee finds that the issuance of the special purpose revenue bonds will assist Oceanlinx Hawaii LLC in the planning, design, and construction of a hydrokinetic power generation facility offshore of Maui. Electrical energy produced from the State's natural energy resources will reduce the State's dependence upon imported fossil fuels.

As affirmed by the record of votes of the members 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. 2034 and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 12. Noes, none. Excused, none.

SCRep. 2634 Ways and Means on S.B. No. 2675

The purpose of this measure is to authorize the transfer of all University of Hawaii funds, except for general funds and tuition funds, into the University of Hawaii commercial enterprises revolving fund.

The University of Hawaii System submitted testimony in support of this measure.

Act 196, Session Laws of Hawaii 2001, previously authorized the University of Hawaii to use all University of Hawaii funds, except general funds, to finance the establishment of new enterprises. However, Act 196 sunset in 2004. This has hampered the University of Hawaii's ability to establish or participate in commercial activities, the revenues from which could be used to benefit the University of Hawaii, in general. Your Committee finds that this measure, by reinstating this authorization, will help reduce the University of Hawaii's reliance on state funding sources and generate additional revenue for the common benefit of the university.

As affirmed by the record of votes of the members 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. 2675, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Hooser).

SCRep. 2635 Ways and Means on S.B. No. 2959

The purpose of this measure is to make an emergency appropriation to pay for a projected Aloha Stadium deficit in fiscal year 2007-2008.

Specifically, this measure appropriates \$271,852 from the Stadium Special Fund to pay for increases in electricity, sewer, and refuse costs and increased insurance payments for Aloha Stadium.

Your Committee received testimony in support of this measure from the Department of Accounting and General Services.

Your Committee is concerned that the administration is not using best estimates when crafting the executive budget. As the State Comptroller acknowledged in his testimony to the Committee, world oil prices have been steadily increasing, obviously causing electricity rates to go up. Similarly, for the past few years, it has been clear that there would be increases in sewer fees on the island of Oahu. Failure to use such common knowledge when estimating and budgeting for electricity, sewer fees, and similar costs, has resulted in annual requests for emergency appropriations.

As affirmed by the record of votes of the members 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. 2959 and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 12. Noes, none. Excused, none.

SCRep. 2636 Ways and Means on S.B. No. 3190

The purpose of this measure is to authorize the issuance of special purpose revenue bonds for Sopogy, Inc.

Your Committee received comments on the measure from the Department of the Attorney General.

Your Committee finds that the issuance of special purpose revenue bonds will assist Sopogy, Inc. with the planning, design, construction, equipping, and operation of a solar farm power plant on the island of Oahu. Electrical energy produced from the State's natural energy resources will reduce the State's dependence upon imported fossil fuels.

As affirmed by the record of votes of the members 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. 3190 and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 12. Noes, none. Excused, none.

SCRep. 2637 Ways and Means on S.B. No. 2535

The purpose of this measure is to establish additional funding mechanisms for the trauma system special fund to help ensure that trauma patients in the State receive quality care.

Specifically, this measure expands the resources available for trauma care by:

- (1) Establishing surcharges for traffic violations, use of intoxicants while operating a vehicle, crimes of violence, and drug-related offenses;
- (2) Establishing surcharges for accidents involving death or serious bodily injury, accidents involving substantial bodily injury, accidents involving bodily injury, and statewide traffic code penalties;
- (3) Clarifying that moneys in the trauma system special fund include, among other things, trauma system surcharges and cigarette tax revenues;
- (4) Providing guidelines for the methodology used to calculate costs incurred by hospitals providing care to trauma patients; and
- (5) Appropriating an unspecified amount of general funds into the trauma system special fund for fiscal year 2008-2009.

Testimony in support of the measure was received from The Queen's Medical Center, the Healthcare Association of Hawaii, and Hawaii Pacific Health. Comments on the measure were submitted by the Department of Health.

Your Committee finds that the additional sources of funding for the trauma system special fund are needed to ensure the availability of care for trauma patients in 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. 2535, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 12. Ayes with Reservations, 1 (Whalen). Noes, none. Excused, none.

SCRep. 2638 Commerce, Consumer Protection and Affordable Housing on S.B. No. 2861

The purpose of this measure is to streamline the registration of time share plans by exempting registered time share plans from the registration requirements under the Uniform Land Sales Practices Act in chapter 484, Hawaii Revised Statutes.

Testimony in support of this measure was submitted by the Department of Commerce and Consumer Affairs; Wyndham Worldwide; Marriott International, Inc.; and the American Resort Development Association (ARDA).

Your Committee finds that registered time share plans undergo a thorough review by the Department of Commerce and Consumer Affairs prior to commencing with sales, and, as part of the registration process, are required to prepare and keep a current, detailed disclosure document that explains the parameters of the time share plan for review by consumers prior to the purchase of a time share interest. Exempting time share plans that are duly registered under chapter 514E, Hawaii Revised Statutes, from the purview of chapter 484, Hawaii Revised Statutes, will treat registered time share plans similar to registered condominium projects, which are also exempt from the requirements of chapter 484, Hawaii Revised Statutes.

Your Committee believes that exempting registered time share plans from the registration requirements under the Uniform Land Sales Practices Act in chapter 484, Hawaii Revised Statutes, fulfills the intent of this measure, which is to streamline the registration of time share plans.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2861 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 2 (Ige, Taniguchi).

SCRep. 2639 Commerce, Consumer Protection and Affordable Housing on S.B. No. 3196

The purpose of this measure is to ensure that the association of apartment owners or cooperative housing corporation has a right of first refusal to purchase the leased fee interest in land under the condominium or cooperative project if the owner of the fee interest intends to sell it.

Specifically, this measure preserves the intent of chapter 514C, Hawaii Revised Statutes, by granting the association of apartment owners or the cooperative housing corporation the right of first refusal when a lessor has displayed an objective intent to sell, or has accepted a written offer to purchase prior to or within two years after the termination of the lease.

Testimony in support of this measure was submitted by the Hawaii Council of Associations of Apartment Owners; Monarch Properties, Inc.; The Kailuan, Inc.; and one private individual.

In January 2008, the leasehold owners of The Kailuan cooperative project were ordered to move out of their units by February 15, 2008, pursuant to a Circuit Court judge's ruling in favor of Kaneohe Ranch Co., owner of the expired groundlease under The Kailuan. Kaneohe Ranch argued that the law gave The Kailuan a right of first refusal only if Kaneohe Ranch was going to sell the property when The Kailuan's lease was still in effect, but since there was never any offer to sell the property, The Kailuan never had a right of first refusal.

Your Committee finds that chapter 514C, Hawaii Revised Statutes, currently reads that the right of first refusal law is in place when the leased fee interest in land under a condominium or cooperative project "is to be sold." Your Committee recognizes that amending the law so that the association of apartment owners or the cooperative housing corporation is entitled to the right of first refusal on the purchase of a property when the owner has displayed an objective intent to sell, or accepted a written offer to purchase the property, not only before expiration, but also within two years afterward, will not help The Kailuan owners, whose dispute was handled under existing law, but will prospectively affect some 1,500 or more leasehold property owners whose leases expire over the next decade.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3196 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 3 (Ihara, Sakamoto, Taniguchi).

SCRep. 2640 Commerce, Consumer Protection and Affordable Housing on S.B. No. 3018

The purpose of this measure is to ensure that the Insurance Division of the Department of Commerce and Consumer Affairs meets the requirements for accreditation by the National Association of Insurance Commissioners (NAIC) by clarifying the reporting requirements for insurers and making the standards for actuarial opinions consistent among all insurers, including captives, fraternal benefit societies, health maintenance organizations, and mutual benefit societies.

Testimony in support of this measure was submitted by the Department of Commerce and Consumer Affairs; the Hawaii Captive Insurance Council; Artex Risk Solutions, Inc.; and the American Council of Life Insurers. The Hawaii Medical Service Association submitted comments.

The Insurance Division of the Department of Commerce and Consumer Protection is periodically reviewed by the NAIC for compliance with national standards in order to renew its NAIC accreditation. Accreditation certifies to other jurisdictions that Hawaii's financial surveillance, examination, and reporting on insurance licensees are reliable. Without NAIC accreditation, other states will be unable to rely upon the analysis and examinations of Hawaii-domiciled insurers conducted by the Insurance Division.

Your Committee finds that NAIC accreditation standards require that the Insurance Division adopt certain statutes and rules. Adopting new provisions and amending existing statutes relating to the disclosure of material transactions will allow the Insurance Division to be in compliance with the NAIC model.

Your Committee has amended this measure by:

- (1) Adopting technical and clarifying amendments suggested by the Insurance Division; and
- (2) Making technical, nonsubstantive amendments for the purposes of style and clarity.

Your Committee believes that this measure, as amended, fulfills the intent of this measure, which is to ensure that the Insurance Division of the Department of Commerce and Consumer Affairs meets the requirements for accreditation by the National Association of Insurance Commissioners.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3018, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3018, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 3 (Ige, Ihara, Sakamoto).

SCRep. 2641 Commerce, Consumer Protection and Affordable Housing on S.B. No. 3019

The purpose of this measure is to allow insurers greater investment flexibility and diversification in their investment portfolios by amending the Insurance Code to reflect more current regulatory standards.

Testimony in support of this measure was submitted by the Department of Commerce and Consumer Affairs, the Hawaii Medical Service Association (HMSA), the Hawaii Captive Insurance Council, and Artex Risk Solutions, Inc.

Your Committee finds that the current insurer investment provisions under the Insurance Code have remained relatively unchanged since they were established during the recodification of the insurance laws in 1987. Since then, the National Association of Insurance Commissioners has continuously modernized the criteria and limits for allowable investments, which provide for greater flexibility and diversification of insurers' investment portfolios. Amending statutes to reflect more current regulatory standards is necessary to provide insurers greater investment flexibility.

Your Committee has amended this measure by adopting the suggested amendments from the Insurance Division of the Department of Commerce and Consumer Affairs and the Hawaii Captive Insurance Council that:

- (1) Adds a definition for "cash" and "cash equivalents" to section 431:6-101, Hawaii Revised Statutes;
- (2) Adds a new section to this measure that amends section 431:6-103(c), Hawaii Revised Statutes, to include language regarding insurer's surplus;

- (3) Adds a new section to this measure that amends section 431:6-104(a), Hawaii Revised Statutes, to include language regarding the acquisition of and investment limitations on non-dividend paying securities;
- (4) Adds a new section to this measure that amends section 431:6-313, Hawaii Revised Statutes, to include language regarding the acquisition of and limitations on foreign investments;
- (5) Adds clarifying language regarding an insurer's investment of funds in common shares of stock in solvent United States corporations under section 431:6-317, Hawaii Revised Statutes;
- (6) Adds language regarding exchange traded funds under section 431:6-322, Hawaii Revised Statutes; and
- (7) Makes technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee believes that this measure, as amended, fulfills the intent of this measure, which is to allow insurers greater investment flexibility and diversification in their investment portfolios.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3019, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3019, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 3 (Ige, Ihara, Sakamoto).

SCRep. 2642 Commerce, Consumer Protection and Affordable Housing on S.B. No. 3020

The purpose of this measure is to create uniformity between other states' laws and Hawaii law in regard to licensing laws and reduce the burden and cost of regulatory compliance by amending various statutes relating to activities regulated by the Insurance Commissioner of the Department of Commerce and Consumer Affairs.

Specifically, this measure:

- (1) Amends the number of continuing education credit hours required for insurer producer license renewal as recommended by the National Association of Insurance Commissioners (NAIC) for the purpose of achieving uniformity and reciprocity;
- (2) Authorizes the imposition of automatic inactivation of license, certificate, or registration with respect to surplus lines brokers, reinsurance intermediaries, managing general agents, service contract providers, and vehicle protection product warrantors who fail to timely pay license, certificate, or registration renewal fees;
- (3) Imposes upon service contract providers and vehicle protection product warrantors similar procedures for reinstatement of a registration that has been inactivated for failure to timely pay renewal fees as are presently imposed upon insurance producers, surplus line brokers, reinsurance intermediary brokers, and managing agents; provided that payment of the fee and fine for untimely payment of the fee are made within thirty days of the inactivation date; and
- (4) Permits service contract providers and vehicle protection product warrantors more options in selecting an insurer of a contractual liability and reimbursement insurance policy to meet the financial responsibility requirements.

Testimony in support of this measure was submitted by the Department of Commerce and Consumer Affairs, the National Association of Insurance and Financial Advisors Hawaii, and the American Council of Life Insurers. The Hawaii Independent Insurance Agents Association submitted testimony in opposition to this measure.

Your Committee finds that the Producer Licensing Working Group of the NAIC has recommended a uniform continuing education requirement of twenty-four credit hours, including three hours of ethics training. Existing state law requires twenty to thirty continuing education credit hours, depending upon the lines of insurance a producer is authorized to sell. Adopting the NAIC's recommendation will promote uniformity and reciprocity with other states. Your Committee notes the testimony indicating the concerns regarding the credit hour requirement relating to insurance laws and rules.

Your Committee further finds that when licensees (insurance producers, adjusters, and independent bill reviewers) fail to timely pay renewal fees, existing law permits the automatic inactivation of their licenses, and upon license reinstatement, licensees are required to pay a renewal fee and a penalty equivalent of fifty per cent of those fees. Updating and extending this process to other licensees regulated by the Insurance Commissioner of the Department of Commerce and Consumer Affairs will provide greater latitude and uniformity in the licensing laws. Furthermore, providing the same thirty-day notice requirement regarding the license renewal fees to service contract providers and vehicle product warrantors will reduce the costs of regulation and promote timely payment of license renewal fees.

Your Committee further finds that providing service contract providers and vehicle product warrantors greater latitude in selecting a qualified insurer to provide its contractual liability or reimbursement insurance policy will promote administrative efficiency, reduce the costs of regulation, and provide companies with more alternatives for compliance without any reductions in protecting the public.

Your Committee has amended this measure by:

- (1) Amending the continuing education credit hour requirement for producers with a single line of authority by deleting three credit hours relating to insurance laws and rules;
- (2) Amending the continuing education credit hour requirement for producers with life/accident/health, and property and casualty lines of authority by deleting two credit hours relating to insurance laws and rules for each line of authority; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee believes that this measure, as amended, fulfills the intent of this measure, which is to create uniformity between other states' laws and Hawaii law in regard to licensing laws and reduce the burden and cost of regulatory compliance.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3020, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3020, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 3 (Ige, Ihara, Sakamoto).

SCRep. 2643 Commerce, Consumer Protection and Affordable Housing on S.B. No. 3245

The purpose of this measure is to conform the Insurance Code with model acts and regulations of the National Association of Insurance Commissioners (NAIC) by amending existing statutes relating to employee group life insurance policies and the replacement of life insurance policies and annuities.

Specifically, this measure amends chapter 431, article 10D, Hawaii Revised Statutes, by:

- (1) Requiring an employer to fully fund the employee group life insurance policy by eliminating insured employees as a source of funding premiums and deleting the requirement that at least seventy-five per cent of eligible employees elect participation in the employee group insurance policy;
- (2) Allowing employee group policies to cover less than ten employees at policy issuance by eliminating the ten employee requirement;
- (3) Deleting the provision precluding individual selection by the employees, employer, or trustees of amounts of insurance under an employee group insurance policy;
- (4) Allowing dependents of the insured employee to be insured up to the amount of coverage of the insured employee under an employee group insurance policy by eliminating the express policy limits against loss due to death of a dependent (other than the spouse); and
- (5) Adding the exercise of the term conversion privilege among corporate affiliates as an exclusion from the applicability of chapter 431, article 10D, Hawaii Revised Statutes, relating to the replacement of life insurance policies and annuities.

Testimony in support of this measure was submitted by the National Association of Insurance and Financial Advisors Hawaii, the American Council of Life Insurers, and State Farm Insurance Companies. The Department of Commerce and Consumer Affairs supported the measure with amendments.

Your Committee finds that adopting model acts and model regulations promotes uniformity of state insurance laws and eases regulatory compliance for insurers transacting business across various states. Adopting various provisions of the NAIC's Group Life Insurance Definition and Group Life Insurance Standard Provisions Model Act by amending chapter 431, article 10D, Hawaii Revised Statutes, will update the Insurance Code and provide greater uniformity with other states' insurance laws.

Your Committee has amended this measure by:

- (1) Adopting language suggested by the American Council of Life Insurers which clarifies that payments to the employee group life insurance policy may be made by the employer, by the covered insured employees, or by both; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee believes that this measure, as amended, fulfills the intent of this measure, which is to conform the Insurance Code with model acts and regulations of the National Association of Insurance Commissioners.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3245, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3245, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 3 (Ige, Ihara, Sakamoto).

SCRep. 2644 Water and Land on S.B. No. 3

The purpose of this measure is to reauthorize the Department of Land and Natural Resources to issue long-term residential leases to qualified persons now residing in Kahana Valley, on the condition that the lessees participate in Kahana Valley State Park's interpretive and caretaking programs. This measure also establishes an advisory committee to, among other things, monitor compliance with the lease agreements.

Testimony in opposition to this measure was submitted by the Department of Land and Natural Resources and the Department of the Attorney General.

Your Committee finds that Act 5, Session Laws of Hawaii 1987, authorized the Department of Land and Natural Resources to issue long-term residential leases to persons who had lived continuously in Kahana Valley or had permits allowing them to reside on certain parcels of land within Kahana Valley. As a condition of holding a lease, these qualified persons agreed to participate in interpretive programs in Kahana Valley State Park.

The lessees have not only acted as caretakers of the Valley, but also shared their knowledge of the Valley and interpreted the significance of the Valley's resources for the public's benefit and enjoyment. The authority to issue leases pursuant to Act 5 expired on January 1, 1992.

Your Committee has amended this measure by:

- (1) Amending the effective date to July 1, 2050; and
- (2) 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 Water and Land that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Fukunaga, Whalen).

SCRep. 2645 Water and Land on S.B. No. 2835

The purpose of this measure is to require state and county agencies to ensure that a public right-of-way is available prior to the approval of any development project, subdivision, or zoning change, and to modify the definition of "public recreational area".

Testimony in support of this measure was submitted by the Kuli'ou'ou / Kalani Iki Neighborhood Board #2, Windward Ahupua'a Alliance, Office of Hawaiian Affairs, Sierra Club Hawaii Chapter, a Hawai'i County councilmember, Livable Hawaii Kai Hui, and sixteen individuals. Testimony expressing concern with this measure was submitted by the State Attorney General. Testimony in opposition to this measure was submitted by the City and County of Honolulu Department of Planning and Permitting and Hawaii Association of Realtors.

Your Committee recognizes the importance of providing for greater protection of the public's right to access coastal and inland recreational areas.

Your Committee has amended this measure by:

- (1) Amending the effective date to July 1, 2050; and
- (2) 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 Water and Land 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 placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Fukunaga, Kokubun).

SCRep. 2646 Water and Land on S.B. No. 2836

The purpose of this measure is to modify the definition of the term "public recreational area", and the offense of obstructing public access to public property in relation to the public's right of access to coastal and inland recreational areas.

Testimony in support of this measure was submitted by the Hawaii Rifle Association, Windward Ahupua'a Alliance, Office of Hawaiian Affairs, Livable Hawaii Kai Hui, and nine individuals.

Your Committee recognizes the importance of ensuring that the public is able to access shoreline and inland recreational areas.

Your Committee has amended this measure by:

- (1) Amending the effective date to July 1, 2050; and
- (2) Making a technical, nonsubstantive amendment for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Water and Land 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 placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Fukunaga, Kokubun).

SCRep. 2647 Water and Land on S.B. No. 2529

The purpose of this measure is to clarify that the conservation of park resources and values is the predominant concern of the state park system.

Testimony in support of this measure was submitted by The Nature Conservancy, Sierra Club Hawaii Chapter, and two individuals. Testimony in support of the intent of this measure was submitted by the Department of Land and Natural Resources.

Your Committee finds that state parks must be preserved and managed for the use and enjoyment of present and future generations. This can only be accomplished by establishing that the fundamental purpose of the state park system is to conserve park resources and values, including natural scenic, historic, and wildlife values.

Your Committee has amended this measure by amending the effective date to July 1, 2050.

As affirmed by the record of votes of the members of your Committee on Water and Land that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2529, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2529, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Fukunaga, Kokubun).

SCRep. 2648 Agriculture and Hawaiian Affairs on S.B. No. 2499

The purpose of this measure is to make kalo the official plant of the State of Hawaii.

Testimony in support of this measure was submitted by the Hawaiian Political Action Council of Hawaii and one individual.

Taro or “Kalo” has been cultivated in Hawaii since the arrival of Kanaka Maoli and continues to be cultivated today in Hawaii as it was in the past. It is believed to have the greatest life force of all foods, supporting the relationship of ‘ohana (family) and of appreciation with the ‘aumakua (ancestors). Your Committee finds that Act 36, Session Laws of Hawaii 2007, made kalo the official state plant of the State of Hawaii effective January 1, 2025. This measure amends Act 36 to make it effective as of July 1, 2008.

As affirmed by the record of votes of the members of your Committee on Agriculture and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2499 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2649 (Joint) Agriculture and Hawaiian Affairs and Energy and Environment on S.B. No. 2847

The purpose of this measure is to include solar energy facilities as a permitted use within the agricultural district on land with soil classified D or E.

Testimony in support of this measure was submitted by the Office of Hawaiian Affairs, The Chamber of Commerce of Hawaii, Dowling Company, Inc., Castle & Cooke Hawaii, SunPower Corp., Hawaii Renewable Energy Alliance, and one individual. Testimony in opposition to this measure was submitted by the Hawaii Farm Bureau Federation and Maui County Farm Bureau. The Department of Agriculture submitted testimony offering comments on this measure.

Your Committees find that renewable energy resources can greatly benefit Hawaii’s economy, environment, energy security, and sustainability. The increased use of Hawaii’s abundant renewable energy resources, such as wind, solar, ocean thermal, wave, and biomass resources, is key to reducing Hawaii’s green house gas emissions and contribution to global warming and creating new job opportunities and economic diversification.

Your Committees further find that Hawaii’s trade deficit is also a significant impediment to Hawaii’s goal of economic and energy security and sustainability. Specifically, in 2006, Hawaii exported only \$16,300,000,000 in goods and services, including visitor spending, while importing approximately \$24,000,000,000. Hawaii’s oil imports totaled \$3,400,000,000 for the year, accounting for approximately fifteen per cent of the total imports. Over ninety-three per cent of Hawaii’s energy is supplied by fossil fuel. Allowing a solar energy facility on marginal agricultural lands may have more beneficial effects for Hawaii’s economy, environment, and energy security than having such lands go unused.

As affirmed by the records of votes of the members of your Committees on Agriculture and Hawaiian Affairs and Energy and Environment that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2847 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Chairs on behalf of the Committees. Ayes, 7. Noes, none. Excused, 3 (Hee, Kokubun, Trimble).

SCRep. 2650 Economic Development and Taxation on S.B. No. 2464

The purpose of this measure is to recognize the importance and uniqueness of the Hawaiian monk seal to the Hawaiian Islands by establishing and designating the Hawaiian monk seal as the official state mammal.

Your Committee received widespread support for this measure and a related one, S.B. No. 2465, which would designate the third Saturday in April of each year as “Hawaiian Monk Seal Day”. Supportive testimony was submitted by the Department of Land and Natural Resources; the Conservation Council of Hawai‘i; the Marine Conservation Biology Institute, Hawaii; and over one hundred individuals; including the 4th Grade Class of Island Pacific Academy, the 5th Grade Class of St. Andrew’s Priory, students from Kapunahala Elementary School, Sacred Hearts Academy, Kamehameha Schools, over seventy from James Campbell High School, and from the University of Hawai‘i.

Many of the people who testified were volunteers who watched over Chester, the Hawaiian monk seal, who recently spent several weeks of his annual moult on the windward Oahu beaches of Kailua and Lanikai. They spoke of how important it was to both protect Chester during the period when he was most vulnerable, and to educate the public who watched his progress – not always patiently or sympathetically.

The members of your Committee commend the commitment of all those who supported both of these measures, including the many students, teachers, and individuals who attended the hearing and spoke so eloquently about the plight of the Hawaiian monk seal and the importance of protecting this endangered symbol of Hawai‘i.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2464 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, none.

SCRep. 2651 Economic Development and Taxation on S.B. No. 2465

The purpose of this measure is to designate a Hawaiian Monk Seal Day to promote outreach and educational programs regarding the endangered Hawaiian monk seal.

Your Committee received widespread support for this measure and a related one, S.B. No. 2464, which would establish and designate the Hawaiian monk seal as the official state mammal. Supportive testimony was submitted by the Department of Land and Natural Resources; the Conservation Council of Hawai‘i; the Marine Conservation Biology Institute, Hawaii; and over one hundred individuals; including the 4th Grade Class of Island Pacific Academy, the 5th Grade Class of St. Andrew’s Priory, students from

Kapunahala Elementary School, Sacred Hearts Academy, Kamehameha Schools, over seventy from James Campbell High School, and from the University of Hawai'i.

Many of the people who testified were volunteers who watched over Chester, the Hawaiian monk seal, who recently spent several weeks of his annual moult on the windward Oahu beaches of Kailua and Lanikai. They spoke of how important it was to both protect Chester during the period when he was most vulnerable, and to educate the public who watched his progress – not always patiently or sympathetically.

The members of your Committee commend the commitment of all those who supported both of these measures, including the many students, teachers, and individuals who attended the hearing and spoke so eloquently about the plight of the Hawaiian monk seal and the importance of protecting this endangered symbol of Hawai'i.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2465 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, none.

SCRep. 2652 (Joint/Majority) Economic Development and Taxation and Tourism and Government Operations on S.B. No. 2434

The purpose of this measure is to:

- (1) Increase the membership of the Stadium Authority to eleven members, with nine voting members;
- (2) Clarify that of the nine voting members, the Governor shall appoint three members directly, appoint three from a list of nominees submitted by the President of the Senate, and appoint three from a list of nominees submitted by the Speaker of the House of Representatives; and
- (3) Determine the procedures for the appointments made to fill vacancies.

Testimony in opposition to this measure was submitted by the Department of Accounting and General Services.

Your Committees find that the June 30, 2007, Financial Statements of the Stadium Authority list net assets at the end of the fiscal year at \$48,529,995, with \$41,162,852 in capital assets. This is a considerable capital resource for the State, and given the aging of the structure, one that will require equally significant fiscal decisions by the Legislature in the near future. This measure would ensure legislative participation in the selection of the best possible nominees to be appointed as members of the Stadium Authority.

As affirmed by the records of votes of the members of your Committees on Economic Development and Taxation and Tourism and Government Operations that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2434 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Chairs on behalf of the Committees. Ayes, 6. Noes, 2 (Slom, Trimble). Excused, 2 (Baker, Tsutsui).

SCRep. 2653 (Joint) Economic Development and Taxation and Tourism and Government Operations on S.B. No. 2569

The purpose of this measure is to extend the interim and final reporting deadlines for the Museum of Hawaiian Music and Dance Committee, established by Act 230, Session Laws of Hawaii 2007.

Testimony in support of this measure was received from the Office of Hawaiian Affairs, the Hawai'i Tourism Authority, and three members of the Museum of Hawaiian Music and Dance Committee. The State Foundation on Culture and the Arts submitted comments.

Your Committees find that due to delays in funding, the Museum of Hawaiian Music and Dance Committee was unable to hold its first meeting until December 2007. The fourteen-member group is now meeting on an accelerated schedule, has secured the services of a consultant, and expects to comply fully with the revised reporting dates of September 15, 2008, for an interim report, and no later than twenty days prior to the Regular Session of 2009 for the final report.

As affirmed by the records of votes of the members of your Committees on Economic Development and Taxation and Tourism and Government Operations that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2569 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Chairs on behalf of the Committees. Ayes, 8. Noes, none. Excused, 2 (Baker, Tsutsui).

SCRep. 2654 (Joint) Economic Development and Taxation and Water and Land on S.B. No. 3166

The purpose of this measure is to:

- (1) Amend chapter 206E, Hawaii Revised Statutes, to designate at least two members of the Hawaii Community Development Authority (HCDA) as the small business representatives of the HCDA and to provide that these members shall not be prohibited from voting on matters concerning small business in the initial designated district that they represent; and
- (2) Direct the Governor to designate, from among existing HCDA members, two of the eligible members to serve as small business representatives on the HCDA.

Testimony in support of this measure was received from the Kaka'ako Business and Landowners Association and two Kaka'ako small business owners.

Your Committees are greatly concerned to find that at least two members of the HCDA who represent small business interests within the Kaka'ako Community Development District have been barred from voting on matters concerning the development district in

which the greatest concentration of small businesses in Kaka'ako is located. The stated basis for this position is a purported conflict-of-interest situation arising from the HCDA's interpretation of section 84-14(a)(1), Hawaii Revised Statutes.

Your Committees find the HCDA's reasoning to be somewhat disingenuous, given that these members were appointed by the Governor, and their qualifications, backgrounds, and small business affiliations were thoroughly reviewed by both the Administration and the Legislature as part of the confirmation process. Furthermore, your Committees are in agreement that this result is contrary to the Legislature's intent in enacting chapter 206E, Hawaii Revised Statutes.

Your Committees are in strong support of the remedy this measure provides to ensure that the purpose of section 206E-1, Hawaii Revised Statutes, is met. The designation of these small business representatives would further one of the Legislature's stated intentions for forming the HCDA, which was to address insufficient commercial and industrial facilities for rent in the Kaka'ako area.

As affirmed by the records of votes of the members of your Committees on Economic Development and Taxation and Water and Land that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3166 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Chairs on behalf of the Committees. Ayes, 7. Noes, none. Excused, 3 (English, Hee, Whalen).

SCRep. 2655 Education on S.B. No. 2254

The purpose of this measure is to require the Department of Education to conduct a study on the feasibility of converting hard cover textbooks to e-books and report to the Legislature on the study prior to the Regular Session of 2009.

Testimony in support of the measure was submitted by the Department of Education and one individual. Testimony in opposition to the measure was submitted by one individual.

Your Committee finds that, among other things, Hawaii's public schools currently suffer from a textbook shortage that adversely affects students' abilities to learn in the classroom and study and complete homework assignments at home. Your Committee further finds that providing an adequate number of up-to-date hard cover textbooks to students in public school is a costly endeavor. Accordingly, in this new age of technology, the State must explore creative and innovative options for assuring proper learning materials are provided to our students and teachers. One such option includes the use of e-books, or electronic books, which are text documents that have been converted to a digital format that can be accessed on computers or other electronic devices. E-books are user-friendly and provide greater options for students, as opposed to traditional textbooks.

This measure calls for the Department of Education to conduct a feasibility study on converting hard cover textbooks to e-books. As represented by the Department of Education, the study will also include recommendations on options for the distribution of electronic readers, including the feasibility of providing a single reader per child, payment or cost-sharing plans for the reader by the student and the Department, and appropriate grade levels for distribution and use, that will assist the Legislature in providing suitable funding to support the conversion in the future. Your Committee determines that this study is necessary and appropriate, as the use of e-books over traditional hard cover textbooks is a new approach for the schools and the study will allow the State to fully ascertain the costs and benefits associated with the purchase of e-books for use in public schools.

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. 2254 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 3 (Chun Oakland, Hee, Nishihara).

SCRep. 2656 Judiciary and Labor on S.B. No. 2174

The purpose of this measure is to allow two or more members of a board to diligently perform their duties as board members by discussing official board business, so long as the two or more board members do not make or seek a commitment to vote and they do not constitute a quorum.

Testimony in support of this measure was submitted by the Maui County Council and the Hawai'i Civil Rights Commission. Comments on this measure were submitted by the Office of Information Practices.

Your Committee finds that under existing law, two members of a board may discuss matters relating to official board business, so long as no commitment to vote is made or sought and that the two members do not constitute a quorum. However, if a third board member wants to participate in the discussion, and the discussion continues, these board members would be in violation of the law.

Your Committee also finds that permitting two or more board members to discuss official board business in private without a quorum allows them to have more flexibility toward efficiently completing official board business. Furthermore, your Committee finds that this measure does not change the meaning of the Sunshine Law.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2174 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2657 (Joint) Transportation and International Affairs and Intergovernmental and Military Affairs on S.B. No. 2441

The purpose of this measure is to exempt state highways projects from county subdivision approvals regarding highway projects that involve acquisitions.

Testimony in support of this measure was received from the Department of Transportation; The Chamber of Commerce of Hawaii; BIA-Hawaii; and HSI Mechanical, Inc. The City and County of Honolulu Department of Planning and Permitting and Na Leo Pohai, The Outdoor Circle submitted testimony in opposition.

Your Committees find that the current county approval process duplicates many of the practices already required in long range planning, environmental studies, the public involvement process, and legislative approval of each project. This measure would eliminate a lengthy and unnecessary review process and help to reduce the risk of lapsing state and federal funds.

As affirmed by the records of votes of the members of your Committees on Transportation and International Affairs and Intergovernmental and Military Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2441 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Chairs on behalf of the Committees. Ayes, 8. Noes, none. Excused, none.

SCRep. 2658 Agriculture and Hawaiian Affairs on S.B. No. 3151

The purpose of this measure is to require the Department of Hawaiian Home Lands to consult with the beneficiaries of the trust established under the Hawaiian Homes Commission Act when a Hawaiian home lands project includes commercial development.

Testimony in support of this measure was submitted by the Council for Native Hawaiian Advancement, Hawaiian Homelands Assembly, Ikaika O Kalani Farms, Hui Kako'o 'Aina Ho'opulapula, and two individuals. Testimony in support of the intent of this measure was submitted by the Department of Hawaiian Home Lands.

Your Committee recognizes the value and importance of beneficiary input and consultation on issues and plans affecting Hawaiian homestead communities. This is especially so where there is a commercial aspect to a proposed homestead development.

Your Committee has amended this measure by adding provisions requiring that the Department of Hawaiian Home Lands consult with its beneficiaries prior to agreeing to lower allowable loan amounts.

As affirmed by the record of votes of the members of your Committee on Agriculture and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3151, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3151, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (Hee).

SCRep. 2659 (Joint) Agriculture and Hawaiian Affairs and Economic Development and Taxation on S.B. No. 2557

The purpose of this measure is to transfer jurisdiction of inadvertently discovered native Hawaiian burial sites from the Department of Land and Natural Resources to the appropriate Island Burial Council and to provide sixty days for an Island Burial Council to make a determination on the treatment or removal of a burial site.

Testimony in support of this measure was submitted by the Office of Hawaiian Affairs, Society for Hawaiian Archaeology, and five individuals. Testimony in opposition to this measure was submitted by the Department of Land and Natural Resources.

Your Committees have amended this measure by incorporating the recommendations submitted by the Society for Hawaiian Archaeology. Particularly, this measure has been amended by:

- (1) Providing that if a determination has not been made by the appropriate Burial Council within sixty days from the Department of Land and Natural Resources being notified of the discovery, that the determination be made by the Department of Land and Natural Resources rather than the State Historic Preservation Officer;
- (2) Providing that this measure applies to the inadvertent discovery of human skeletal remains as well as burial sites; and
- (3) Providing that the Department of Land and Natural Resources may immediately remove inadvertently discovered burial sites and human remains where they are subject to imminent harm.

As affirmed by the records of votes of the members of your Committees on Agriculture and Hawaiian Affairs and Economic Development and Taxation that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2557, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2557, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chairs on behalf of the Committees. Ayes, 8. Ayes with Reservations, 1 (Slom). Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2660 (Majority) Economic Development and Taxation on S.B. No. 2556

The purpose of this measure is to require:

- (1) Private landowners to report any inadvertent discovery of historic property on private land to the Department of Land and Natural Resources for identification and recordation; and
- (2) The Department to provide appropriate treatment options for the care and preservation of the historic property.

Testimony in support of this measure was received from one individual. The Department of Land and Natural Resources (Department) testified in opposition.

Your Committee has heard concerns from the Department that some of the provisions in this measure are already established under chapter 6E, Hawaii Revised Statutes, and other proposed provisions would be difficult to implement. For example, this measure would grant the Department the right to enter private lands to investigate historic property findings, but section 6E-10(e), Hawaii Revised Statutes, already addresses the procedure for conducting an investigation on private lands.

The Department also stated that administrative rules have been adopted to implement procedures to deal with the inadvertent discovery of historic properties, which have undergone the historic preservation review process (Section 13-280-3, Hawaii Administrative Rules), and that it would be more effective to strengthen the use of existing processes to meet these goals before new procedures are mandated by statute.

Your Committee understands these concerns and agrees that the measure will require additional work to be effective. Your Committee has also asked for further information regarding the Department's suggestion that amending current rules could resolve the issues this measure is intended to address, and how long these amendments might take to complete.

Until your Committee receives further information, it is the intent of your Committee to regard this measure as a work in progress, and to keep it moving through the legislative process. It was introduced in response to an inadvertent discovery that was not resolved promptly and professionally and the intent of this measure is to make sure such lapses do not continue to occur.

Your Committee has amended this measure by:

- (1) Deleting the requirement to report the discovery "as soon as possible" and instead requiring that the landowner shall not resume any activity in the immediate area until authorized to do so by the Department; and
- (2) Making a technical amendment to correct a reference to a section in the Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation 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 Chair on behalf of the Committee. Ayes, 4. Noes, 1 (Slom). Excused, 1 (English).

SCRep. 2661 Education on S.B. No. 2163

The purpose of this measure is to:

- (1) Require the Hawaii Teacher Standards Board to adopt rules to align state teacher licensing requirements with federal standards; and
- (2) Limit the duration of employment of an emergency unlicensed hire of the Department of Education to three years.

Testimony in support of this measure was received from the Hawaii State Teachers Association. The Department of Education (Department) and the Hawai'i Teacher Standards Board (HTSB) submitted comments.

Your Committee supports the intent of this measure to clarify any confusion among teachers and administrators regarding the state-federal licensure conflicts that have arisen under the No Child Left Behind (NCLB) law. Your Committee has also considered a number of requests for amendments and is pleased to note that in the last six months the Department and the HTSB have improved the alignment of Hawaii teachers licensing requirements in relation to the highly qualified teacher criteria in NCLB.

Your Committee further finds that the adoption of new administrative rules by HTSB and the clarification that existing alternative routes to licensure do meet federal requirements under NCLB preclude the need for the legislation in this area.

Your Committee has amended this measure by:

- (1) Amending the findings and purpose in section 1 to clarify the requirements of the NCLB law; and the purpose of this Act to better align Hawaii's emergency licensure requirements with the NCLB;
- (2) Deleting section 2, as this section is no longer required;
- (3) Adding new language in section 302A-804(3)(D), Hawaii Revised Statutes, to allow unlicensed individuals who have been hired on an emergency basis and are teaching only non-core subject areas prior to the approval of this measure to attain licensure no later than four years from the date of their employment; and
- (4) Making a technical, nonsubstantive amendment to conform to the preferred drafting 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 S.B. No. 2163, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2163, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 3 (Chun Oakland, Hee, Taniguchi).

SCRep. 2662 Judiciary and Labor on S.B. No. 3105

The purpose of this measure is to enable boards and commissions to conduct on-site inspections of locations that are related to the board's business at which attendance by the public is not practicable.

More specifically, the measure authorizes a board or commission to hold a limited meeting in a location that is closed to the public for reasons of practicality, so long as the board or commission determines prior to the limited meeting that an on-site inspection is necessary. The bill also transfers responsibilities for concurrence regarding limited meetings from the Attorney General to the Director of the Office of Information Practices.

Testimony in support of this measure was received from the state Office of Information Practices, The League of Women Voters of Hawaii, and a private citizen.

Your Committee recognizes that information-gathering by a board or commission often requires an on-site visit or inspection to a location that is not open to the public. Your Committee finds that this measure helps boards and commissions to make more informed decisions while still ensuring that the public's business is conducted as openly as possible.

To ensure openness, your Committee amended the measure to require sufficient public deliberation before the board decides to hold the on-site closed meeting.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor 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 Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2663 Judiciary and Labor on S.B. No. 2784

The purpose of this measure is to extend to United States marshals and deputies some of the powers to make arrests without warrants that are currently granted under state law to federal customs officers and federal immigration officers.

Specifically, this measure gives a marshal or deputy marshal the power to arrest either a person whom the marshal or deputy marshal has probable cause to believe committed an assault or other crime involving physical harm in the presence of the marshal or deputy marshal or a person whom the marshal or deputy marshal has been informed is the subject of an arrest warrant.

Additionally, this measure amends the law that grants customs and immigration officers the powers of arrest by updating the names of the federal agencies.

Testimony in support of the measure was received from the Department of the Attorney General.

Your Committee finds that this measure will not give a marshal or deputy marshal the same range of powers currently granted to customs and immigration officers. Specifically, this measure limits the marshal's or deputy marshal's power of arrest to cases involving crimes of murder and physical assaults committed or being committed in their presence, and when they have authoritative information that the person is the subject of an arrest warrant.

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 Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2784, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2784, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (Hee).

SCRep. 2664 Judiciary and Labor on S.B. No. 3092

The purpose of this measure is to prevent identity theft of individuals in the State by preventing persons' full social security numbers from being disclosed in certain public documents.

Specifically, this bill would require that judgments, orders, and decrees that are recorded in the Land Court and the Bureau of Conveyances stop using the full social security number and use only the last four digits of the social security number to identify the person against whom the judgment, order, or decree is rendered.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs and the Department of Land and Natural Resources. The Consumer Data Industry Association submitted comments on this measure.

Your Committee believes that this measure, which requires using only the last four digits of persons' social security number in judgments, orders, and decrees filed in the Land Court or the Bureau of Conveyances, will help protect persons from identity theft.

Upon further consideration, your Committee has amended this measure by changing the effective date from "upon its approval" to "January 1, 2050" to facilitate further discussion on this issue.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3092, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3092, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2665 Judiciary and Labor on S.B. No. 2201

The purpose of this measure is to prescribe the procedure to be followed at certain neighborhood board meetings, such as the information that may be included in the written public notice, the information that the neighborhood board may receive on a matter, and the deliberation and decision-making process.

The Neighborhood Commission, Neighborhood Board No. 25, Coalition of Hawaii Engineering and Architectural Professionals, and two individuals submitted testimony in support of the measure. The Chamber of Commerce of Hawaii submitted testimony in opposition. The Office of Information Practices and the League of Women Voters of Hawaii submitted comments.

Your Committee finds that the purpose of neighborhood boards is to provide a forum for public input that can then be disseminated to government agencies and elected officials. However, the ability of neighborhood boards to solicit public input is hampered by certain provisions of chapter 92, Hawaii Revised Statutes, commonly known as the Sunshine Law. This measure gives the neighborhood board more flexibility to allow the taking of testimony on a matter that is not specifically noticed for consideration and the receiving of testimony on an official board matter without quorum; provided that no decisions may be made thereon. The measure also permits neighborhood board members to attend and participate in discussions at meetings and presentations related to official

board matters; provided that the discussions occur as part of the meeting or presentation and no deliberation or commitment to vote is made.

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

- (1) Providing that any information or testimony that the neighborhood board receives on a matter of official board business without a quorum present shall be permitted again at a subsequent meeting when the decision is made;
- (2) Clarifying that neighborhood board members may participate in discussions, including discussions among themselves, at certain information meetings or presentations on matters relating to official board business as long as no commitment to vote is made or sought;
- (3) Permitting discussion of an unanticipated event if:
 - (A) Timely action on the matter is “urgently necessary”, as opposed to “necessary”; and
 - (B) Time does not allow for it to be addressed by an emergency meeting scheduled pursuant to section 92-8; and
- (4) Making technical nonsubstantive amendments for the purposes of style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor 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 placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2666 Ways and Means on S.B. No. 146

The purpose of this measure is to clarify the administration of special funds in the State.

Your Committee heard, in place of the original draft of Senate Bill No. 146 (2008), a proposed S.D. 1 draft that repeals the hydrogen investment capital special fund.

Your Committee received testimony in opposition to the proposed S.D. 1 draft from the Office of the Governor, Department of Business, Economic Development, and Tourism, Kolohala Holdings, Edutainment Resources, Inc., Global Education Trust, HARK, Inc., Ocean Network, LLC, Bill Spencer, on behalf of the Hawaii Venture Capital Association, Technical Research Associates, Inc., Archinoetics, LLC, Simonpietri Enterprises, and four individuals.

Upon further consideration, your Committee has amended this measure by replacing the contents of S.B. No. 146 with provisions that amend the hydrogen investment capital special fund by:

- (1) Changing the name of the special fund from the “hydrogen investment capital special fund” to the “renewable energy investment capital special fund”;
- (2) Inserting an additional purpose for which moneys in the special fund may be used, specifically, to support the activities of the strategic industries program related to the development of renewable energy resources and technologies in Hawaii; and
- (3) Making technical nonsubstantive conforming amendments to section 211F-5.7, Hawaii Revised Statutes, establishing the special fund.

Your Committee notes that the renamed special fund allows for the continuation and funding of the Hawaii renewable hydrogen 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. 146, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 146, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (English).

SCRep. 2667 Water and Land on S.B. No. 2997

The purpose of this measure is to establish a process for determining when land use classifications should be rescinded because they have not been used for a period of time, particularly for lands classified as urban or rural.

Prior to public hearing on this measure, your Committee distributed a proposed draft of the measure that proposed the establishment of a process for the transfer of development rights and to create a new land classification called the rural legacy area.

Testimony in opposition to this proposed measure was submitted by the City and County of Honolulu Department of Planning and Permitting, Land Use Research Foundation of Hawaii, and The Chamber of Commerce of Hawaii.

Your Committee finds that a system of transfer development rights provides an alternative means for preserving valuable rural lands by allowing for the transferability of development rights between properties. As part of a statewide development plan, the state Land Use Commission would designate properties whose landowners would be allowed to sell their property’s development rights to a transfer development rights (TDR) bank. The State would store and sell these development rights to landowners in a receiving area designated for high density. This would allow the State to offer compensation to landowners who are willing to retain their land classification or down zone it to conservation or preservation.

Your Committee notes that the concept of a transfer development rights system was proposed by the Chairperson of the Board of Land and Natural Resources as a possible alternative vehicle for preserving such rural lands as those on the north shore of Oahu owned by Kuilima Resort. This measure was introduced in response to the Chairperson’s request.

Your Committee has amended this measure by:

- (1) Replacing its contents with an amended version of the proposed draft that establishes the transfer of development rights program but deletes all provisions relating to the creation of a new land classification known as the rural legacy area; and
- (2) Providing an effective date of July 1, 2050.

Your Committee notes, in addition, that technical, nonsubstantive amendments have been made to the proposed draft for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Water and Land that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2997, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2997, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 3. Ayes with Reservations, 1 (Tokuda). Noes, none. Excused, 2 (Fukunaga, Whalen).

SCRep. 2668 Ways and Means on S.B. No. 3076

The purpose of this measure is to authorize the Department of Health to create exempt positions for epidemiologists.

Your Committee received testimony in support of this measure from the Department of Health. Testimony in opposition to the measure was received from the Hawaii Government Employees Association.

Your Committee finds that due to the limited recruitment pool and an outmoded civil service classification series, the Department is presently unable to recruit qualified epidemiologists for high level public health surveillance and response, unless the Department is given authority to employ those epidemiologists without regard to the civil service 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. 3076 and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 12. Noes, none. Excused, none.

SCRep. 2669 (Majority) Judiciary and Labor on S.B. No. 2373

The purpose of this measure is to require pharmacies and retailers to record in an electronic log certain information of the sales transaction and purchaser of controlled substances.

Testimony in support of this measure was received from the Department of Public Safety and one individual. The American Civil Liberties Union of Hawai'i and one individual testified in opposition. The Hawaii Food Industry Association submitted comments.

This measure requires the recordation, in an electronic log on software provided by the Department of Public Safety, Narcotics Enforcement Division (Division), of information including the date of birth of the purchaser, type of identification provided, agency issuing the identification, any unique number associated with the identification, as well as the name of the substance. The electronic log in Excel worksheet format is to be mailed to the Division once a month. The electronic log must be capable of checking compliance against state and federal laws and of interfacing with other states to ensure compliance, and be subject to random and warrantless inspection by state or county law enforcement officers.

The pharmacy or retailer is to retain the information for a period of two years.

With the decrease in the quality of methamphetamine and the increase in its street price, it is highly likely that criminals will revert back to manufacturing their own high quality methamphetamine using pseudoephedrine products obtained from retail distributors. A study conducted in 2004 indicated that there were 1,883 retail stores in the State that were able to sell pseudoephedrine products, and most of these stores were not pharmacies and were unable to verify prior pseudoephedrine sales with their other retail counterparts. Thus, an individual would have the ability to visit multiple retail chain stores and obtain 3.6 grams of pseudoephedrine per visit without the retailer being able to verify or track the individual's previous purchases that day.

Your Committee finds that this measure is necessary to facilitate law enforcement and prosecution of illegal pseudoephedrine sales in the interests of protecting the public health and safety.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2373, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, 1 (Slom). Excused, 2 (Hee, Nishihara).

SCRep. 2670 Judiciary and Labor on S.B. No. 3087

The purpose of this measure is to allow the Department of Labor and Industrial Relations to immediately suspend and begin debarment proceedings against contractors that purposely defraud the State on a public works project or do not cooperate with the Department of Labor and Industrial Relations in determining if there has been a violation of the prevailing wage law.

Your Committee received testimony in support on this measure from the Department of Labor and Industrial Relations; General Contractors Association of Hawaii; Hawaii Building and Construction Trades Council, AFL-CIO; Building Industry Association of Hawaii (BIA-Hawaii); Laborers' Union Local 368; The Pacific Resource Partnership; and one individual.

Providing for suspension as a penalty will create a clear line for those who are not willing to comply with the law. Chapter 104, Hawaii Revised Statutes, relating to wage and hours of employees on public works, is a law imposed to even the playing field in bidding for public works jobs and pay a prevailing wage to workers. Your Committee finds that it is not unreasonable to impose a three-year suspension for those who are not willing to comply with the law.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3087, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Nishihara).

SCRep. 2671 Judiciary and Labor on S.B. No. 3050

The purpose of this measure is to expand the list of persons mandated to promptly report to the Department of Human Services known or suspected abuse of dependent adults to:

- (1) Employees or officers of the entity or agency designated by the Governor to provide advocacy services to persons with developmental disabilities and mental illness in order to receive federal funds authorized by 42 U.S.C. sections 10801 and 15001;
- (2) Social workers; and
- (3) Caregivers who know or have reason to believe that a dependent adult has been abused and is threatened with imminent abuse.

Your Committee received testimony in support of this measure from the Department of Human Services; State Council on Developmental Disability; and the Hawaii Disability Rights Center. The National Association of Social Workers supported the intent of this measure.

This measure defines "caregiver" as any person who has undertaken the care, custody, or physical control of, or who has a legal or contractual duty to care for the health, safety, and welfare of a dependent adult. Your Committee finds that the dependent adults in our community may be subjected to abuse and neglect and deserve to be afforded the maximum protection possible, and that this measure would strengthen the protection provided.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3050, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Nishihara).

SCRep. 2672 Ways and Means on S.B. No. 2262

The purpose of this measure is to extend until July 1, 2011 the sunset date for the voluntary employees' beneficiary association trusts pilot program.

Your Committee received testimony in support of the measure from the Hawaii State Teachers Association, the HSTA Member Benefits Corporation, the Hawaii State Teachers Association-Retired Oahu District, the Hawaii State Teachers Association-Retired, and concerned citizens. Testimony in opposition to the measure was received from the Department of Budget and Finance, the Department of Human Resources Development, and the Hawaii Employer-Union Health Benefits Trust Fund. Comments were received from a concerned citizen.

Your Committee finds that the pilot program will otherwise sunset on July 1, 2009. However, your Committee believes that allowing the program to sunset as scheduled is premature, because the comprehensive impact study on the program to be conducted by the Auditor has not yet been completed or made available.

As affirmed by the record of votes of the members 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. 2262, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Hooser).

SCRep. 2673 Ways and Means on H.B. No. 1755

The purpose of this measure is to clarify the tax consequences of the reduced general excise tax rate of 0.5 per cent on service-to-service wholesale transactions.

Specifically, this measure clarifies that the reduced general excise tax rate of 0.5 per cent on service-to-service wholesale transactions applies to dealers that furnish goods or services to fulfill manufacturer warranty obligations to purchasers of the manufacturer's tangible personal property.

Your Committee received no testimony regarding this measure.

Your Committee finds that this measure clarifies that the reduced general excise rate on service-to-service wholesale transactions, intended to reduce the effects of tax-pyramiding, applies to the service-to-service industry in relation to fulfilling a manufacturer's warranty obligation for tangible personal property.

As affirmed by the record of votes of the members 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. 1755, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 10. Noes, none. Excused, 2 (English, Inouye).

SCRep. 2674 (Majority) Judiciary and Labor on S.B. No. 2627

The purpose of this measure is to require any purchase of copper by a scrap dealer or recycler to be made by check payable to the seller, and to provide penalties for a violation therefor.

Your Committee received testimony in support of this measure from Reynolds Recycling.

This measure also requires that:

- (1) At the time of sale of the copper, the seller present to the scrap dealer or recycler a valid photo identification card or license of the seller issued by a federal or state government authorized to issue valid identifications; and
- (2) The check be mailed to the address shown on the identification, or in the alternative, the check is picked up personally by the seller at the place of business of the scrap dealer or recycler.

The intent of this measure is to deter the sale of stolen copper to scrap dealers and recyclers by prohibiting cash transactions and identifying the seller in the process of the sales transaction. Sales of stolen copper, typically copper wire, commonly occur when a copper thief or a confederate walks onto the premises of a scrap dealer or recycler to sell copper for cash. This measure would deter that practice.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2627, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, 1 (Slom). Excused, 2 (Hee, Nishihara).

SCRep. 2675 Ways and Means on S.B. No. 3228

The purpose of this measure is to adjust pension amounts for retired patient employees of Hansen's disease facilities.

This measure also provides for increase authorized by this measure to be paid to the estates of certain retired patient employees who died after July 1, 2007.

Your Committee received testimony in support of this measure from the Department of Health and two individuals.

Your Committee finds that the retired patient employees of the State's Hansen's disease treatment facilities have provided valuable services to their immediate communities and to the residents of the State and that an increase in the amount of the annual pensions of these dedicated individuals 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 is in accord with the intent and purpose of S.B. No. 3228 and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Hooser).

SCRep. 2676 (Majority) Ways and Means on S.B. No. 2779

The purpose of this measure is to clarify the circumstances under which the Governor may suspend statutes relating to wages and hours on public works projects.

The Department of Labor and Industrial Relations and the Department of Accounting and General Services submitted testimony in opposition to this measure.

Your Committee finds that this measure will prevent the Governor from suspending the Wages and Hours of Employees Law unless there is a state of emergency and a state of emergency is proclaimed by the Governor.

As affirmed by the record of votes of the members 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. 2779 and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 10. Ayes with Reservations, 1 (Whalen). Noes, 1 (Hemmings). Excused, 1 (Hooser).

SCRep. 2677 Ways and Means on S.B. No. 2447

The purpose of this measure is to increase the uniform maintenance allowance for enlisted members of the Hawaii Army and Air National Guard.

Specifically, this measure increases the amount of the uniform maintenance allowance provided by the State to enlisted personnel in the Hawaii Army and Air National Guard from \$1.50 per day to \$10.00 per day, but not to exceed \$150 per year.

Testimony in support of this measure was submitted by the Chamber of Commerce Hawaii, the Hawaii National Guard Enlisted Association, and the Hawaii National Guard Association.

Your Committee finds that the uniform maintenance allowance applies during annual training or year-round training, when federal pay is authorized, or when the Hawaii National Guard is ordered to state active duty. However, your Committee finds that the current cost of uniform maintenance far exceeds the amount of the maintenance allowance, and an increase is long overdue in order for the allowance to keep up with the rate of inflation. Your Committee further finds that an increase in the uniform maintenance allowance will help defray the out-of-pocket costs borne by Hawaii's Army and Air National Guard personnel, and may be beneficial for retention and recruitment.

As affirmed by the record of votes of the members 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. 2447 and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 12. Noes, none. Excused, none.

SCRep. 2678 Ways and Means on S.B. No. 1488

The purpose of this measure is to increase the number of temporary exempt positions under the correctional industries program.

The Department of Public Safety submitted testimony in support of this measure. The Hawaii Government Employees Association submitted testimony in opposition to this measure.

This measure increases the number of temporary exempt positions under the correctional industries program from forty-five to sixty-five positions in any fiscal year. Your Committee finds that this increase in temporary exempt positions will allow for the expansion of the Correction Industries Division's vocational rehabilitative programs and work opportunities for the incarcerated population. Vocational rehabilitative programs and work opportunities help prepare inmates for re-entry into the 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 S.B. No. 1488, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Hooser).

SCRep. 2679 Ways and Means on S.B. No. 2803

The purpose of this measure is to implement the recommendations of the Hawaii Identity Theft Task Force Report of December 2007 to improve the security of personal information collected and maintained by state and county government agencies.

Specifically, the measure:

- (1) Requires each state and county agency to designate an employee to ensure the agency's compliance with requirements relating to the security of personal information;
- (2) Establishes the information and privacy security council to be placed administratively within the Department of the Attorney General and appropriates funds for three staff analyst positions to support the council;
- (3) Changes the effective date of chapter 487J, Hawaii Revised Statutes, relating to social security number protection, to July 1, 2009;
- (4) Requires conditions on third party personal information use to be included in contracts between government agencies and third parties that provide support services on behalf of the agency;
- (5) Requires state and county agencies that collect, maintain, or disseminate documents with personal information to:
 - (A) Develop and implement a plan to protect the personal information; and
 - (B) Develop a written plan to eliminate unnecessary collection and use of social security numbers;
- (6) Requires state and county agencies responsible for human resource functions to develop and distribute to agencies guidelines to minimize unauthorized access to personal information;
- (7) Requires state and government agencies to develop a written policy regarding notification of security breaches of personal information; and
- (8) Defines the terms: "government agency", "personal information", "personal information system", "records", and "security breach".

The Department of Education, the Retail Merchants of Hawaii, and the Hawaii Financial Services Association submitted testimony in support of the measure. The Office of the Attorney General and the University of Hawaii submitted testimony in opposition. The Judiciary and the Consumer Data Industry Association submitted comments.

Your Committee finds that the Hawaii Identity Theft Task Force was originally established within the Department of the Attorney General as the Anti-Phishing Task Force by Act 65, Session Laws of Hawaii 2005. Act 65 was amended by Act 140, Session Laws of 2006 to change the name to the Identity Theft Task Force, remove the Task Force from the Department of the Attorney General, require the Office of the Auditor to provide research and organizational support services to the Task Force, and extend its existence through December 31, 2007. Act 140 also added additional members to the Task Force and further directed the Task Force to identify best practices to prevent identity theft and to identify and recommend solutions to issues involving social security number protection. Act 183, Session Laws of Hawaii 2007, appropriated funds to the Office of the Auditor to further the efforts of the Task Force with continued research and support services to develop deterrents to identity theft.

The Hawaii Identity Theft Task Force Report of December 2007 included twelve recommendations intended to assist state and government agencies in protecting personal information, with an emphasis on the security of social security numbers. Your Committee notes that the extensive report reflects the concerted efforts and dedication, over a long period of time, of the members of the Task Force. This measure includes various provisions or requirements intended to safeguard personal information collected and maintained by state and county agencies that were recommended by the Task Force. However, from testimony submitted to this Committee and as noted in an earlier hearing on this measure, a number of concerns have been raised by various agencies or organizations in connection with the implementation of some of the bill's provisions. While it is clear that a number of state and county agencies already have taken significant steps to ensure the security of an individual's personal information while in the agency's custody, it is also clear that further precautions may be needed in certain situations. Your Committee recognizes that some of the security provisions in this measure raise issues that require continued discussions between the parties.

Although your Committee strongly supports the Task Force's position that state and county agencies should implement all necessary and appropriate measures to ensure the security of personal information collected or maintained by those agencies, your Committee also shares the concerns of the parties with some of the provisions in the measure. Accordingly, your Committee requests the parties to continue discussions on this measure to work out their concerns so that a measure in a form acceptable to all parties can be enacted to protect the residents 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. 2803, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Inouye).

SCRep. 2680 (Majority) Ways and Means on S.B. No. 2680

The purpose of this measure is to extend workers' compensation coverage to students in work-based learning programs when working for a public employer.

Specifically, this measure ensures that students participating in a school-approved work-based learning program sponsored by the Department of Education or the University of Hawaii are covered by workers' compensation coverage, regardless of whether the employer is a public or private employer.

Your Committee received testimony in support of this measure from the Departments of Labor and Industrial Relations and Education. The ILWU, Local 142 offered comments.

Your Committee finds that the extension of workers' compensation coverage to students engaged in work-based learning programs is both responsible and reasonable.

As affirmed by the record of votes of the members 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. 2680 and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 10. Noes, 1 (Hemmings). Excused, 1 (Hooser).

SCRep. 2681 Ways and Means on S.B. No. 2035

The purpose of this measure is to authorize the issuance of special purpose revenue bonds for Maui Preparatory Academy.

Your Committee received testimony in support of this measure from the Maui Preparatory Academy and the Hawaii Association of Independent Schools.

Your Committee finds that this measure will assist Maui Preparatory Academy to improve the lower, middle, and upper school facilities and allow the Academy to expand to a full pre-kindergarten to twelfth-grade educational facility. The special purpose revenue bonds provided under this measure will relieve some of the financial burden placed on the Academy and its alumni, friends, and supporters.

As affirmed by the record of votes of the members 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. 2035, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 10. Noes, none. Excused, 2 (Fukunaga, Hooser).

SCRep. 2682 Ways and Means on S.B. No. 2571

The purpose of this measure is to increase recycling of food waste.

Specifically, this measure establishes a three-year food waste recycling pilot project in one or more public schools in the State as part of the State's integrated solid waste management plan. The measure also appropriates moneys from the environmental management special fund to the Department of Education to conduct the pilot project.

Comments on this measure were submitted by the Department of Education. Testimony in opposition to this measure was submitted by the Department of Health.

Your Committee finds that state facilities and public schools are among the largest institutional generators of solid waste. Recycling efforts help this problem, but still only reduce a fraction of the solid and liquid waste that is created. Your Committee further finds that food waste recycling falls within the program elements of the State's integrated solid waste management plan. Your Committee believes that a food waste recycling pilot project would promote the State's goals of increasing recycling and reducing the amount of waste entering the State's landfills.

As affirmed by the record of votes of the members 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. 2571, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Inouye).

SCRep. 2683 Ways and Means on S.B. No. 3172

The purpose of this measure is to allow qualified rental assistance applicants up to six months to find a qualified rental dwelling.

Your Committee received comments on this measure from the Hawaii Public Housing Authority.

Your Committee finds that the recent explosion of housing sales in Hawaii has included the sale of many rental units. The reduction in the number of rental units has not only increased rental rates, but has made it that much more difficult for low-income renters to find affordable housing.

This measure helps to address the current rental supply problem by providing renters on rental assistance with more time to find a qualified rental unit.

As affirmed by the record of votes of the members 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. 3172 and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 12. Noes, none. Excused, none.

SCRep. 2684 Ways and Means on S.B. No. 2414

The purpose of this measure is to evaluate the effectiveness of health care programs in the State.

Specifically, this measure directs the Legislative Reference Bureau to compile and analyze existing studies of the various state-funded portions of Medicaid-sponsored programs, including Medicaid and med-QUEST, offered by the State's Department of Human Services. The measure also appropriates an unspecified amount to assist the Bureau to conduct the study.

Your Committee received testimony in opposition to this measure from the State Procurement Office. The Legislative Reference Bureau offered comments.

Your Committee finds that the proposed study constitutes a step towards addressing the complex issues of health care costs in 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. 2414, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 12. Noes, none. Excused, none.

SCRep. 2685 Ways and Means on S.B. No. 3048

The purpose of this measure is to increase the loan ceiling for agricultural and ranch operations on Hawaiian home lands from \$50,000 to \$200,000.

Testimony in support of this measure was submitted by the Department of Hawaiian Home Lands.

Your Committee finds that the costs of farming and ranching far exceed the amounts of available loans under the Hawaiian Homes Commission Act, and this creates a barrier to implementing successful farming and ranching operations. Accordingly, your Committee finds that the proposed increase of the ceiling on agricultural and ranching loans will facilitate successful ranching and farming operations on Hawaiian home lands.

As affirmed by the record of votes of the members 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. 3048, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 12. Noes, none. Excused, none.

SCRep. 2686 Ways and Means on S.B. No. 2501

The purpose of this measure is to set a new daily rate for the rental motor vehicle surcharge tax.

Specifically, this measure repeals the \$3 a day rate in effect from September 1, 1999, to August 31, 2008, and the \$2 a day rate applicable thereafter for the rental motor vehicle surcharge tax, and sets an unspecified daily rate.

Your Committee received testimony in support of this measure from the Departments of Transportation and Taxation, Catrala Hawaii, and Dollar Thrifty Group. The Tax Foundation of Hawaii offered comments.

Your Committee finds that the \$3 a day rate will drop back to \$2 a day after August 31, 2008, unless the current law is amended. Your Committee finds that maintaining a consistently sufficient revenue stream available for the state highway fund is critical to maintaining the State's highway infrastructure. Increasing the rental motor vehicle surcharge tax will contribute greatly to building reserves in the state highway 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. 2501, S.D. 2, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 11. Ayes with Reservations, 2 (Inouye, Whalen). Noes, none. Excused, 1 (Hooser).

SCRep. 2687 Ways and Means on S.B. No. 3011

The purpose of this measure is to increase the effectiveness of the use of the compliance resolution fund.

Specifically, this measure allows the Insurance Division of the Department of Commerce and Consumer Affairs to include a three-month reserve in the calculation of compliance resolution fund assessments to ensure continued operations of the Insurance Division at the end of the fiscal year.

The Department of Commerce and Consumer Affairs submitted testimony in support of this measure. The Hawaii Insurers Council and Property Casualty Insurers Association of America submitted testimony in opposition to this measure. The American Council of Life Insurers and State Farm submitted comments.

The current formula to calculate the assessment amount to be paid by all lines or types of insurance regulated under state insurance law requires the Insurance Commissioner to assess insurers based on the cash balance at the end of the prior fiscal year, anticipated revenues for the current fiscal year, and the proposed fiscal year budget. The Insurance Commissioner is prohibited under current state law from making any assessment until the closing of the prior fiscal year, which delays the receipt of the cash necessary to fund the Insurance Division's operations.

This measure amends the current formula for assessments to include a three-month reserve in the calculation of the assessment amount. Your Committee finds that this measure will help ensure the continued operation of the Insurance Division during the first three months of each new 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. 3011, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Hooser).

SCRep. 2688 (Majority) Ways and Means on S.B. No. 2956

The purpose of this measure is to ensure the availability of fresh milk for consumption in Hawaii.

The bill seeks to accomplish this by:

- (1) Ensuring that the remaining Hawaii dairy producers are paid a price commensurate with the quality of the milk they produce; and
- (2) Appropriating funds to establish a strategic plan for the milk industry in Hawaii.

The Department of Agriculture submitted testimony in support of this measure. Meadow Gold Dairies submitted comments.

Once ranked as one of the top three sectors of diversified agriculture, the local dairy industry has experienced a steady decline with production values decreasing from over \$33,300,000 in 1988 to \$18,300,000 in 2005. This measure will help to ensure that one hundred per cent of the local producers' milk produced within their quota will be used for fluid consumption rather than for lower compensated purposes. Your Committee finds that this measure will foster the continued operation of the two remaining local dairies and help to ensure that Hawaii consumers obtain fresher milk.

As affirmed by the record of votes of the members 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. 2956, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, 1 (Hemmings). Excused, none.

SCRep. 2689 Ways and Means on S.B. No. 2623

The purpose of this measure is to expand the renewable energy technologies tax credit for photovoltaic energy systems to also cover solar thermal electric energy systems.

The measure accordingly categorizes the tax credit for both types of systems as one for solar electric energy systems.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism, the Hawaii Energy Policy Forum, and the Hawaii Solar Energy Association. Your Committee received testimony in opposition to this measure from the Department of Taxation, and comments from the Tax Foundation of Hawaii.

Your Committee finds that solar energy uses both heat and light as sources of energy. Solar thermal systems include solar water heating that use flat-plate collectors, as compared to solar thermal electric systems which uses parabolic dish troughs to generate electricity. This measure clearly distinguishes between these types of solar energy systems and recognizes the current state of renewable energy technologies in use 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 S.B. No. 2623 and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 12. Noes, none. Excused, none.

SCRep. 2690 (Majority) Ways and Means on S.B. No. 2039

The purpose of this measure is to provide a one-time lump sum pension bonus to state and county retirees who are at least seventy-five years of age who have been in retirement at least twenty years.

Specifically, this measure provides a one-time lump sum bonus equal to the sum derived by adding up \$1 per month of every year of credited service. Additionally, this measure appropriates funds to the Employees' Retirement System to fund the bonuses.

Your Committee received testimony in support of this measure from the Hawaii Government Employees Association, the Hawaii State Teachers Association-Retired, the United Public Workers, and individuals. Comments on the measure were received from the Employees' Retirement System. Testimony in opposition to the measure was received from the Department of Budget and Finance.

Your Committee finds that this measure will provide some financial relief to older retirees, whose pensions have been outpaced by inflation.

As affirmed by the record of votes of the members 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. 2039, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 10. Noes, 1 (Hemmings). Excused, 1 (Hooser).

SCRep. 2691 Ways and Means on S.B. No. 2583

The purpose of this measure is to create the Hawaii Capital Cultural District Task Force and to appropriate an unspecified amount of funds for its work.

More specifically, the measure establishes the Hawaii Capital Cultural District Task Force within the State Foundation on Culture and the Arts to review the current operations of the Hawaii State Art Museum, as well as its long range plans for operations and growth, with respect to its location in the No. 1 Capitol District Building.

The Department of Accounting and General Services submitted comments.

Your Committee finds that the Hawaii State Art Museum enhances the district as a cultural and historical destination for both residents and visitors. Your Committee further finds that the task force has an important charge in considering the museum's resource needs within the broader context of available facility space and competing state needs.

As affirmed by the record of votes of the members 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. 2583, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Inouye).

SCRep. 2692 Ways and Means on S.B. No. 2155

The purpose of this measure is to clarify that reimbursements received by managed care support contractors for advances made on behalf of the federal government are not subject to the Hawaii general excise tax.

Specifically, this measure clarifies that any amounts received by a managed care support contractor as reimbursements of costs or advances made by the contractor, pursuant to a contract with the federal government for the administration of the TRICARE program, are exempt from the Hawaii general excise tax.

Your Committee finds that the TRICARE program augments the health care services provided by the United States Department of Defense personnel at military facilities and contracts with third-party administrators, known as "managed care support contractors", to establish and maintain networks of TRICARE-authorized civilian health care providers in various regions of the United States. These managed care support contractors make advances to doctors, hospitals, and other providers for costs of health care services provided to TRICARE beneficiaries. The United States Department of Defense then reimburses managed care support contractors the amounts they have advanced.

Your Committee received testimony in support of this measure from the Hawaii Medical Services Association and Goodsill, Anderson, Quinn, and Stifel LLP. The Department of Taxation, Tax Foundation of Hawaii, and two individuals offered comments.

Your Committee finds that the clarification provided by this measure will prevent the costs of health care services delivered through the TRICARE program from increasing and will further preclude any adverse consequences on the members of our uniformed services and their families from the increased costs of health 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. 2155, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 10. Noes, none. Excused, 2 (English, Inouye).

SCRep. 2693 Ways and Means on S.B. No. 2218

The purpose of this measure is to require electronic monitoring of persons convicted of violating a domestic abuse temporary restraining order or protective order.

The Hawaii State Coalition Against Domestic Violence submitted testimony in support of this measure. The Judiciary submitted comments.

According to the National Institute of Justice and the Centers for Disease Control and Prevention, one in four women in the United States will experience domestic violence during her lifetime. In 2007, eighty-six per cent of the legal assistance provided in Hawaii was for victims of domestic violence. Many victims of domestic violence obtain a temporary restraining order or protective order against the batterer.

Your Committee finds that electronic monitoring of violators of temporary restraining orders and protective orders provides an additional measure of protection by alerting a victim if the batterer is within the defined geographic exclusion zone so that the victim may find a safe location.

As affirmed by the record of votes of the members 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. 2218, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Inouye).

SCRep. 2694 (Majority) Ways and Means on S.B. No. 2493

The purpose of this measure is to appropriate funds for collective bargaining cost items for unit 5 employees and their excluded counterparts for fiscal year 2008-2009.

Your Committee received testimony in opposition to this measure from the Department of Budget and Finance and the Office of Collective Bargaining.

Your Committee finds that this measure is necessary to fulfill the agreement negotiated between the State and the exclusive bargaining representative of collective bargaining unit 5.

As affirmed by the record of votes of the members 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. 2493 and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 10. Noes, 1 (Hemmings). Excused, 1 (Hooser).

SCRep. 2695 (Majority) Ways and Means on S.B. No. 2562

The purpose of this measure is to authorize permanent absentee voting.

More specifically, the measure allows a registered voter to request permanent absentee voter status, in order to receive an absentee ballot for all subsequent elections conducted in that precinct. The measure appropriates an unspecified amount of funds for implementing and administering this new program.

Testimony in support of the measure was received from the State of Hawaii Office of Elections. The Elections Division, Office of the County Clerk, County of Kauai, submitted comments.

Your Committee supports the goal of encouraging voter participation, and this measure helps achieve that goal by increasing voter convenience and accessibility for all citizens in 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. 2562, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 10. Noes, 1 (Hemmings). Excused, 1 (Inouye).

SCRep. 2696 Ways and Means on S.B. No. 2677

The purpose of this measure is to limit the duty of the University of Hawaii to preaudit all proposed payments to those of \$10,000 or more.

Your Committee received testimony in support of this measure from the University of Hawaii.

Your Committee finds that present law requires the University of Hawaii to preaudit proposed payments of any amount. Your Committee finds that eliminating the university's duty to preaudit proposed payments of less than \$10,000 will enable the university to redirect its preauditing resources to the more costly proposed payments.

As affirmed by the record of votes of the members 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. 2677 and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Hooser).

SCRep. 2697 (Joint) Agriculture and Hawaiian Affairs and Health on S.B. No. 2804

The purpose of this measure is to amend the definition of "adulterated" to include pre-packaged meats which have been treated with gas or other technology to enhance their color only.

Testimony in support of this measure was submitted by The Hawaii Teamsters and Allied Workers, Local 996 and one individual.

Your Committees find that pre-packaged meats treated with gas or other technology to enhance their color should be included within the definition of "adulterated" meat as this process may cause the meat to have a red color that can deceive consumers into thinking that the meat is fresher than it really is.

Your Committees have amended this measure by:

- (1) Amending the effective date to July 1, 2050; and
- (2) Making a technical, nonsubstantive amendment for the purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Agriculture and Hawaiian Affairs and Health that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2804, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2804, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chairs on behalf of the Committees. Ayes, 8. Noes, none. Excused, 3 (Baker, Hee, Slom).

SCRep. 2698 Commerce, Consumer Protection and Affordable Housing on S.B. No. 3025

The purpose of this measure is to improve Hawaii's business climate for insurers and to make the insurance statutes easier to understand, technically correct, and consistent by making clarifying amendments to the Insurance Code.

Specifically, this measure:

- (1) Clarifies, for insurance producer licensing purposes, the Insurance Commissioner's authority to summarily suspend a license pending a hearing on actions to suspend, revoke, or refuse to renew a license;
- (2) Limits the amount of the bond to \$500,000 that managing general agents are required to furnish as part of their licensure requirements;
- (3) Deletes the requirement for managing general agents to obtain an errors and omissions policy in an amount based on an upper limit of twenty-five per cent of annual gross direct written premiums and replaces it with a minimum \$1,000,000 errors and omission policy requirement;
- (4) Requires insurers, as part of their required contract provisions with managing general agents, to ensure managing general agents' compliance with statutory bond and errors and omissions policy requirements; and
- (5) Conforms section 431:20-122, Hawaii Revised Statutes, with existing Hawaii law with respect to annual and quarterly financial statement filing requirements for foreign and alien title insurers.

Testimony in support of this measure was submitted by the Department of Commerce and Consumer Affairs.

Your Committee finds that making clarifying amendments to the Insurance Code will improve Hawaii's business climate for insurers, which in turn will improve the State's competitiveness in the global insurance industry, and enhance its potential to increase insurance options for its businesses and residents. Furthermore, this measure will provide added assurance that managing general agents have the required bond and errors and omissions policy coverage, the benefits of which will inure to insurance consumers should problems develop with an insurer's managing general agent.

Your Committee has amended this measure by:

- (1) Replacing its effective date from upon approval to July 1, 2050 to encourage further discussion on this matter; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee believes that this measure, as amended, fulfills the intent of this measure, which is to improve Hawaii's business climate for insurers and to make the insurance statutes easier to understand, technically correct, and consistent.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing 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 Second Reading in the form attached hereto as S.B. No. 3025, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 3 (Ihara, Sakamoto, Taniguchi).

SCRep. 2699 Commerce, Consumer Protection and Affordable Housing on S.B. No. 3031

The purpose of this measure is to provide further protections to consumers by clarifying the Regulated Industries Complaints Office of the Department of Commerce and Consumer Affairs' ability to investigate and prosecute cases involving the sale of non-corrective contact lenses.

Testimony in support of this measure was submitted by the Regulated Industries Complaints Office (RICO), Department of Commerce and Consumer Affairs; the Professional and Vocational Licensing Division, Department of Commerce and Consumer Affairs; and the Board of Examiners in Optometry.

Under the federal Food, Drug, and Cosmetic Act, the Food and Drug Administration (FDA) now regulates contact lenses, including decorative, non-corrective lenses, as medical devices instead of cosmetic devices. Despite the federal regulations on non-corrective contact lenses, RICO continues to receive reports concerning the sale of non-corrective contact lenses at swap meets and other inappropriate venues, particularly at Halloween. Your Committee finds that amending chapter 458, Hawaii Revised Statutes, relating to dispensing opticians will complement the federal law and will authorize RICO to take action in the event an unlicensed person tries to sell decorative, non-corrective contact lenses to consumers in Hawaii.

Your Committee has amended this measure by changing the effective date of this measure from July 1, 2008 to July 1, 2050 to ensure continued discussion on this matter.

Your Committee believes that this measure, as amended, fulfills its intent to provide further protections to consumers.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing 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 placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, 1 (Taniguchi).

SCRep. 2700 (Joint) Agriculture and Hawaiian Affairs and Energy and Environment on S.B. No. 2849

The purpose of this measure is to permit lands in agricultural land use districts to be used for agricultural-energy facilities, provided that the primary activity of the agricultural-energy enterprise is agricultural activity.

Testimony in support of this measure was submitted by the Hawaii Farm Bureau Federation, Maui County Farm Bureau, and Hawaiian Electric Company, Inc. Testimony in support of the intent of this measure was submitted by the Department of Agriculture.

The Hawaii Agriculture Research Center presented testimony requesting an amendment to this measure to ensure that it could continue its planned usage of the Del Monte Village including agricultural worker rental housing and agricultural business support services.

In light of the Hawaii Agricultural Research Center's concerns and noting the importance of this project, your Committees have amended this measure by making agricultural worker rental housing and agricultural business support services permitted uses within plantation subdivisions in agricultural districts.

As affirmed by the records of votes of the members of your Committees on Agriculture and Hawaiian Affairs and Energy and Environment that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2849, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2849, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chairs on behalf of the Committees. Ayes, 7. Ayes with Reservations, 3 (Gabbard, Hooser, Ihara). Noes, none. Excused, 3 (Hee, Kokubun, Trimble).

SCRep. 2701 (Joint) Commerce, Consumer Protection and Affordable Housing and Intergovernmental and Military Affairs on S.B. No. 2293

The purpose of this measure is to increase the number of affordable housing units in Hawaii by exempting new multi-family housing condominium developments of fifty units or more per acre from certain state and county affordable housing requirements.

Specifically this measure:

- (1) Exempts new multi-family housing condominium developments of fifty units or more per acre on privately-owned lands or lands owned by the State or county for a period of less than a year as a facilitator of affordable housing from the Hawaii

Housing Finance and Development Corporation's shared appreciation equity program and the ten-year occupancy requirements and transfer restrictions; and

- (2) Exempts an affordable housing multi-family housing condominium development of fifty or more units per acre from being required to be on the same parcel of land as any required market-priced housing development; provided that the both developments are located in the same county, and the areas of the affordable housing development and the market-priced housing development are of equal square footage.

Testimony in support of this measure was submitted by Central Pacific Bank, Central Pacific HomeLoans, and five private individuals. Testimony in opposition to this measure was submitted by the Hawaii Housing Finance and Development Corporation; the Department of Community Services, City and County of Honolulu; the Office of Housing and Community Development, County of Hawaii; and the Office of Hawaiian Affairs.

Affordable housing for Hawaii residents and the local workforce are in critically short supply. Government cannot alone increase the needed supply to meet the overwhelming demand for affordable housing for those with incomes of 140 per cent and below the median income in Hawaii. Your Committees find private landowners and developers need incentives in order to meet the demand for and increase the supply of affordable housing. Eliminating or reducing certain state and county requirements, including the equity sharing program and occupancy and transfer period, for new multi-family condominium housing developments for privately developed projects will encourage the private sector to build affordable workforce housing. However, your Committees recognize that the unit-per-acre density threshold as contained in the measure is too low and that government financial assistance may be considered in future deliberations.

Your Committees note the concerns regarding the exemption from equity sharing and the reduction of the buyback period from ten years to three years, and requested that Hawaii Housing Finance Development Corporation work with the counties to develop amendable language that would also fulfill the purposes of this measure.

Accordingly, your Committees have amended this measure by:

- (1) Increasing the maximum density from fifty units to seventy-five units per acre;
- (2) Adding language that requires the new multi-family housing condominium development on privately owned land to be privately financed without federal, state, or county financing assistance or subsidies;
- (3) Deleting language that would statutorily authorize affordable and market housing units to be located on different parcels on land within the same county; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committees believe that this measure, as amended, fulfills the intent of this measure, which is to increase the number of affordable housing units in Hawaii.

As affirmed by the records of votes of the members of your Committees on Commerce, Consumer Protection, and Affordable Housing and Intergovernmental and Military Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2293, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2293, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chairs on behalf of the Committees. Ayes, 7. Ayes with Reservations, 1 (Trimble). Noes, none. Excused, 3 (Ige, Ihara, Sakamoto).

SCRep. 2702 Judiciary and Labor on S.B. No. 2295

The purpose of this measure is to clarify the sunshine law to allow two or more board members to discuss their individual positions, or attend meetings or presentations relating to board business under certain circumstances. This measure also allows members to be polled on official board business outside of meetings under certain circumstances.

Your Committee received testimony in support of this measure from the Hawaii Civil Rights Commission, the Coalition of Hawaii Engineering and Architectural Professionals, and two individuals. Testimony in opposition to this measure was submitted by the Chamber of Commerce of Hawaii, a Maui County councilmember, and one individual. Comments on this measure were submitted by the Office of Information Practices and the Board of Education.

The intent of this measure is to facilitate the business of boards and commissions by allowing two or more members but less than a quorum of the board to:

- (1) Attend a meeting of another board or a public hearing at the Legislature and discuss their individual positions and provide testimony; or
- (2) Attend other informational meetings or presentations relating to official board business, with certain restrictions on their activities at those meetings and presentations.

This measure further allows members of the board to be polled in writing, including facsimile and email, regarding their positions.

The intent of this measure is to facilitate the conduct of business of boards and commissions without compromising the integrity of the sunshine law. Your Committee recognizes the practical realities of board functions and duties. Your Committee notes that this measure carefully guards against voting on official board business outside of a duly noticed board meeting.

Your Committee has amended this measure on the recommendation of the Office of Information Practices by:

- (1) Deleting reference to "deliberate" as being redundant to "discussion"; and

- (2) Deleting reference to making public the documentation of the polling pursuant to rules of the board, and instead making the documentation by law a public record to be made available to the public, as required for minutes of board meetings; provided that public availability of the documentation shall occur within seven days after the polling.

Your Committee has also made technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2295, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2295, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2703 Judiciary and Labor on S.B. No. 2962

The purpose of this measure is to strengthen Hawaii's laws against sexual predation of minors and the registration of offenders who commit these and other sexual offenses.

Specifically, this measure would:

- (1) Establish a new offense to address instances of electronic enticement of children where a predator attempts to lure or solicit a minor or arrange a meeting with a minor over the Internet with intent to commit a sex offense or crime against minors, regardless of whether the predator actually attends the arranged meeting;
- (2) Establish a new offense to address a specific form of grooming conduct by child predators involving masturbation or the lewd or lascivious exposure of the predator's genitals over the computer for view by a minor;
- (3) Amend the repeat offender sentencing law to include the offense of failure to comply with covered offender registration requirements and the new offense of indecent electronic display to a child;
- (4) Amend the offense of promoting child abuse in the second degree to address instances of possession of particularly violent or egregious child pornography;
- (5) Clarify the element of electronic enticement of a child in the first degree regarding the intent to promote or facilitate the commission of another crime;
- (6) Provide greater protection for children by adding mandatory sentencing provisions for certain serious child abuse and electronic enticement offenses; and
- (7) Amend Hawaii's sex offender registration laws to comply with parts of Title I of the Adam Walsh Child Protection and Safety Act of 2006, also known as the Sex Offender Registration and Notification Act, to enable the Hawaii sex offender registration program to effectively participate with the nationwide network of sex offender registries.

Your Committee received testimony in support of this measure from the Department of the Prosecuting Attorney of the City and County of Honolulu, the Police Departments of the County of Hawaii, the City and County of Honolulu, and the County of Maui, and a concerned citizen. Your Committee received late testimony in support of the measure from the Department of the Attorney General and the Department of the Prosecuting Attorney of the County of Maui. Late testimony in opposition to the measure was received from the Office of the Public Defender.

Your Committee did not amend language in this bill that would conform chapter 846E, Hawaii Revised Statutes, to the national Sex Offender Registration and Notification Act. Affected provisions involve, among other things, access to registration information (expanding personal data about each offender that must be reported and made available to the public) and termination of registration (replacing current provisions with a system that categorizes offenses as tier 1, tier 2, and tier 3 offenses).

Your Committee has amended the measure to include an effective date of July 1, 2080, to allow consideration of revisions to chapter 846E. While your Committee recognizes that members of the public look at information on the sex offender registry website, the extent to which public notification enhances public safety by reducing recidivism deserves careful analysis as this measure moves through the legislative process.

Your Committee has also amended this measure by:

- (1) Adding an agreement to meet as an element of the new offense of electronic enticement in the third degree;
- (2) Restoring the element of travel to the offense of electronic enticement in the second degree;
- (3) Adding references to sections 2 and 7 of the measure to the "savings clause" in section 16 of the measure because section 2 creates a new criminal offense and section 7 expands an existing offense such that, absent inclusion in the "savings clause," those provisions might run afoul of the prohibition on ex post facto laws in the United States Constitution; and
- (3) Making technical nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2962, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2962, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Nishihara).

SCRep. 2704 Judiciary and Labor on S.B. No. 3203

The purpose of this measure is to criminalize "animal hoarding" as a misdemeanor.

Specifically, the measure defines “animal hoarding” as the:

- (1) Possession of a large number of animals;
- (2) Failure to provide necessary sustenance for each of those animals; and
- (3) Display of an inability to recognize or understand the nature of, or reckless disregard for, the conditions under which the pet animals are living and the deleterious impact the conditions have on the pet animals’ and owner’s health and well-being.

Testimony in support of this bill was submitted by a concerned citizen and a Professor of Social Work at the University of Hawaii. Testimony in opposition to the bill was received from Animal Rights Hawaii. Animal Advocate, Inc. submitted comments on the bill.

Your Committee recognizes that animal hoarding cannot be defined by the specific number of animals hoarded, due to variations across cases and the species being hoarded. Your Committee notes that a 1999 research study of fifty-four hoarding cases found that the median number of animals hoarded was thirty-nine per case. In contrast, the American Veterinary Medical Association reported that among the different kinds of pet-owning households in the United States in 2001, Americans owned an average of 1.6 dogs, 2.1 cats, 2.1 birds, and 2.9 horses.

Your Committee has amended the bill by:

- (1) Characterizing the number of animals that is considered hoarding as “more than a typical number” instead of “a large number”; and
- (2) Establishing state of mind requirements with regard to the elements of the number of animals possessed, and failing to provide necessary sustenance.

Your Committee finds that these modifications will more effectively tailor the applicability of the offense to the intended class of offenders.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3203, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3203, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (Hee).

SCRep. 2705 (Majority) Judiciary and Labor on S.B. No. 2898

The purpose of this measure is to add a new section to the Hawaii Revised Statutes to allow member states to determine the winner of a presidential election by national popular vote.

Your Committee received testimony in support of this measure from National Popular Vote; The Center for Voting and Democracy; and Capitol Consultants, LLC.

The Office of Elections submitted comments on this measure.

Your Committee finds that this measure would guarantee the presidency and vice presidency to the candidates that receive the most popular votes in all fifty states and the District of Columbia. Your Committee further finds that there is support for the national popular vote both in Hawaii and throughout other jurisdictions.

Your Committee has amended this measure by making technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2898, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2898, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, 1 (Slom). Excused, 1 (Kokubun).

SCRep. 2706 Judiciary and Labor on S.B. No. 2886

The purpose of this measure is to deter acts of child abandonment.

Specifically, the measure:

- (1) Establishes the offense of abandonment of a child in the second degree and makes it a misdemeanor to abandon a child by leaving the child with a person in reckless disregard of the risk that the person’s true identity is unknown, or that the person has no place of residence or employment or that the other person’s true place of residence or employment is unknown; and
- (2) Elevates the existing offense of abandonment of a child with the intent to desert the child to a class C felony and renames the offense to child abandonment in the first degree.

Your Committee received testimony in support of this measure from Prevent Child Abuse Hawaii. Testimony in opposition to this measure was submitted by the Office of the Public Defender.

Your Committee notes that it is not their intent to penalize parents who rely on the representation of others or other individuals who falsely identify themselves.

Your Committee has amended this measure by amending the effective date to July 1, 2050, for the purpose of facilitating further discussion.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2886, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2886, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2707 Judiciary and Labor on S.B. No. 2009

The purpose of this measure is to clarify that, where the chance to win something of value is offered in conjunction with purchase of an item, the activity constitutes gambling, even if a chance to win is offered by mail at no cost, if the item is offered at a price that is disproportionate to the value of the item, or if the chance to win at no cost by mail is offered from a pool different from the pool from which the chance to win via purchase is drawn.

Testimony in support of this measure was submitted by the Liquor Commission and the Hawaii Coalition Against Legalized Gambling.

Your Committee finds that this measure would address community concerns about vending machines located in bars, lounges, and other retail establishments that dispense sweepstakes cards which, in return for a small fee, provide an opportunity to win various amounts of money along with an item of low value, such as a telephone calling card.

Your Committee has amended this measure by:

- (1) Limiting the application of its free play defense provisions to devices into which a consumer inserts money and the device provides a sweepstakes ticket or card that, by reason of chance, may entitle the consumer to a money prize;
- (2) Revising the phrase "if the item is offered at a price that is disproportionate to the value of the item" by changing "disproportionate to" to "disproportionately high compared to";
- (3) Changing the effective date from upon approval to July 1, 3011; and
- (4) Making technical amendments by placing the new section to be added to the Hawaii Revised Statutes before the section that amends definitions in section 712-1220, Hawaii Revised Statutes, to conform to the preferred drafting style.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2009, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2009, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2708 Commerce, Consumer Protection and Affordable Housing on S.B. No. 3002

The purpose of this measure is to provide rapid utility service restoration to customers in an event of exigent circumstances by allowing a public utility to transfer property needed for service restoration without prior approval of the Public Utilities Commission (PUC).

Specifically, this measure amends section 269-19, Hawaii Revised Statutes, to provide an exception for a public utility to sell, lease, assign, mortgage, or otherwise dispose of or encumber its property without first securing an authorizing order from the PUC only under exigent circumstances that call for rapid service restoration in order to prevent serious disruption of essential public services, avoid serious risk to public safety, or mitigate severe economic losses to a utility customer; provided that this action does not hinder or degrade the utility company's operations with respect to its services or other customers, and the utility company is duly compensated and reports in detail to the PUC within thirty days of the action.

Testimony in support of this measure was submitted by the Public Utilities Commission; the Division of Consumer Advocacy, Department of Commerce and Consumer Affairs; Hawaiian Electric Company, Inc.; Maui Electric Company, Ltd.; and Hawaii Electric Light Company.

The PUC requires a public utility to obtain prior approval from the PUC if a public utility intends to sell, lease, assign, mortgage, or otherwise dispose of the whole or any part of its road, line, plant, system, or other property necessary or useful in the performance of the public utility's duties to the public. Your Committee finds that exigent circumstances can create an environment in which prudent, prompt, time-sensitive action by a public utility may be necessary to restore services, and immediate transfer or encumbrance of utility property is necessary to rapidly restore a customer to full or near full operational status. Allowing a public utility to transfer property needed for service restoration without prior approval of the PUC will enable customers to receive prompt restoration services without sustaining prolonged disruption of service or economic loss.

Your Committee has amended this measure by:

- (1) Changing the effective date of this measure from upon its approval to July 1, 2050 to ensure further discussion on this matter; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee believes that this measure, as amended, fulfills the intent of this measure, which is to provide rapid utility service restoration to customers in an event of exigent circumstances.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing 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 placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, 1 (Taniguchi).

SCRep. 2709 (Joint) Energy and Environment and Water and Land on S.B. No. 3103

The purpose of this measure is to encourage endangered species restoration by authorizing the development and use of programmatic safe harbor agreements and programmatic habitat conservation plans that cover multiple landowners or a class of landowners over a wide area or region.

Testimony in support of this measure was submitted by the Chairperson of the Board of Land and Natural Resources.

Your Committees find that, by authorizing the development and use of programmatic safe harbor agreements and programmatic habitat conservation plans, and the tools needed to implement them, this measure will encourage greater participation in endangered species restoration by private landowners.

Your Committees further find that similar programmatic safe harbor agreements and programmatic habitat conservation plans have been adopted by federal resource conservation agencies; and thus, this measure will assist state agencies in working cooperatively and concurrently with federal agencies.

Your Committees have amended this measure by changing the effective date to July 1, 2050, to ensure further discussion and consideration.

As affirmed by the records of votes of the members of your Committees on Energy and Environment and Water and Land 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 placed on the calendar for Third Reading.

Signed by the Chair and the Senate President on behalf of the Committees. Ayes, 7. Noes, none. Excused, 2 (Ihara, Kokubun).

SCRep. 2710 (Joint) Energy and Environment and Health on S.B. No. 2526

The purpose of this measure is to prohibit cruise ships from burning bunker fuel within five miles of Nawiliwili Harbor, in order to reduce air pollution affecting the Niumalu community.

Testimony in support of this measure was submitted by the Office of Hawaiian Affairs; Sierra Club, Kaua'i Group of the Hawaii Chapter; Malama Kaua'i; and twenty-five private citizens. Comments were submitted by the Director of Health; Department of Transportation; Princess Cruises and Holland America Line; Royal Caribbean International and Celebrity Cruises; and NCL America Inc., Hawaii Operations.

Your Committees find that it is important to acknowledge the air pollution complaints of the Niumalu community, and to take meaningful action to address the situation. However, to better understand the source of the pollutants and identify the most effective solutions available, the gathering of information is necessary before permanent legislative action is taken.

The testimony of several cruise ship companies has suggested to your Committees that a switch to .5 per cent sulfur fuel may be effective in reducing odor and soot; and thus, in reducing the amount of air pollution caused by cruise ships affecting the Niumalu community.

Accordingly, your Committees have amended this measure by:

- (1) Replacing the content of the measure with a three-year pilot program to be established and implemented by the Department of Health, with results to be reported to the Legislature. The program is designed to determine the current level of and health and environmental impact on the Niumalu community of air pollution caused by bunker fuel-burning cruise vessels docked or moored in Nawiliwili Harbor, and the effect of requiring cruise ships to switch to .5 per cent or lower sulfur fuels while docked or moored;
- (2) Changing the effective date to July 1, 2050, to ensure further discussion and consideration; and
- (3) 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 Energy and Environment and Health that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2526, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2526, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chairs on behalf of the Committees. Ayes, 6. Ayes with Reservations, 1 (Whalen). Noes, none. Excused, 3 (Baker, Kokubun, Trimble).

SCRep. 2711 Health on S.B. No. 2882

The purpose of this measure is to continue the provision of mail-order prescriptions for controlled substances by clarifying that an individual may be identified by a unique patient identifier assigned to the individual by the payor or pharmacy benefit manager.

Your Committee received testimony in support of this measure from Medco and Express Scripts. Hawaii Medical Service Association submitted comments on this measure.

Your Committee finds that current law in Hawaii requires a patient using a mail service pharmacy for discounted medications to provide that pharmacy with a copy of a government issued identification or social security number. This is problematic because pharmacies and health plans are not allowed to use social security numbers for patient identification.

Your Committee further finds that forty-nine states already have provisions in place that enable mail-order prescriptions for controlled substances by individuals with a unique patient identifier. Since 1999, companies such as Medco, have been providing mail-order prescription service to residents of Hawaii.

Your Committee has amended this measure by:

- (1) Including insurers as those able to assign unique patient identifiers;
- (2) Defining "mail order pharmacy";
- (3) Clarifying that a patient properly enrolled in a mail order prescription drug plan is "known to" the mail order pharmacist; and
- (4) Making technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2882, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2882, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, none.

SCRep. 2712 Health on S.B. No. 2040

The purpose of this measure is to save lives and improve the quality of life for individuals affected by cancer.

Specifically, this measure seeks to enhance the quality of life of individuals affected by cancer by helping to increase community participation in clinical trials, increase the research utility of the Hawaii Tumor Registry, allow comprehensive monitoring of the efficacy of cancer screening and cancer vaccination activities, enhance the quality of life of cancer survivors, and to stimulate awareness of the cancer information services and local community cancer prevention efforts.

Your Committee received testimony in support of this measure from the Cancer Research Center of Hawaii and the Hawaii Tumor Registry. The Department of Health, Hawaii Medical Association, and Kaiser Permanente submitted testimony supporting the intent of this measure.

Your Committee finds that this is an important measure that would enable citizens of Hawaii the right to make choices regarding their own health care and give options on whether or not to participate in cancer research studies. Your Committee further finds that communities would benefit from better relations between physicians and researchers.

Your Committee has amended this measure by changing the effective date to encourage further discussions on this important measure.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2040, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2040, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, none.

SCRep. 2713 Judiciary and Labor on S.B. No. 2212

The purpose of this measure is to prevent human trafficking and to assist victims of such acts.

Specifically, this measure assists in the prosecution of human trafficking related crimes under Hawaii law by creating a new offense of sexual exploitation of a minor, amending existing kidnapping, extortion, and prosecution offenses, and including sexual exploitation of a minor in the definition of racketeering activity.

Your Committee received testimony in support of this measure from the State Attorney General, the Crime Victim Compensation Commission, the Department of the Prosecuting Attorney for the City and County of Honolulu, the Office of the Prosecuting Attorney for the County of Hawaii, the Honolulu Police Department, the Hawaii Family Forum, the Hawaii Youth Services Network, Na Loio Immigrant Rights and Public Interest Legal Center, the Sex Abuse Treatment Center, the Department of the Prosecuting Attorney for the County of Maui, and one individual. Testimony in opposition was received from the Office of the Public Defender. The Domestic Violence Action Center submitted comments.

Your Committee finds that in the world of human trafficking, men, women, and children, are bought, sold, and held against their will in slave-like conditions. People are trafficked and forced to work in the commercial sex trade, sweatshops, agricultural settings, domestic service, and other types of servitude, for basic food and shelter. It is the intent of your Committee to address this nationwide problem and prosecute these crimes under Hawaii law.

Your Committee has amended this measure by;

- (1) Removing the purpose clause (section 1) of this measure;
- (2) Defining "labor" and "services" in section 707-700, Hawaii Revised Statutes, rather than in sections 707-720 and 707-764, Hawaii Revised Statutes, so these definitions would apply to the substantive extortion offenses in chapter 707, Hawaii Revised Statutes;
- (3) Included in the foregoing definition of "services", the statement that, "Nothing in this chapter [chapter 707] shall be construed to legitimize or legalize prostitution";
- (4) Adding the term "labor" to the definition of extortion in section 707-764, Hawaii Revised Statutes, and the substantive extortion offenses in sections 707-765(1)(a), 707-766(1)(a) and 707-767, Hawaii Revised Statutes;

- (5) Including other immigration documents under section 707-764, Hawaii Revised Statutes, relating to the crime of extortion;
- (6) Amending the effective date to July 1, 2050, for purposes of facilitating further discussion and clarification; and
- (7) 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 Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2212, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2212, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2714 Judiciary and Labor on S.B. No. 2594

The purpose of this measure is to allow public and private sector employees to certify a person or labor organization as their exclusive representative for collective bargaining purposes, absent an election and where no other representative is certified as the exclusive representative. This measure also requires immediate collective bargaining between parties once a person or labor organization is certified as the exclusive representative.

Your Committee received testimony in support of this measure from the Hawaii State AFL-CIO. The Hawaii Government Employees Association, ILWU Local 142, and Hawaii State Teachers Association testified in support of the measure with amendments. The Department of Labor and Industrial Relations and Office of Collective Bargaining submitted testimony in opposition to this measure.

Your Committee finds that this measure will allow employees to unionize if a majority of employees signed cards expressing their desire to join a union, a practice that currently, an employer does not have to recognize. This method will allow an alternate means of unionizing.

Your Committee has amended this measure to remove section 1, relating to streamlining union certification and facilitating initial collective bargaining agreements for public employees.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2594, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2594, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 4. Ayes with Reservations, 1 (Slom). Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2715 Judiciary and Labor on S.B. No. 2971

The purpose of this measure is to authorize immediate appeals from certain orders regarding injunctions and from denials of sovereign, absolute, or qualified immunity.

Testimony in support of this measure was received from the Department of the Attorney General. Testimony in opposition to the measure was received from the Judiciary and the Consumer Lawyers of Hawaii.

Your Committee finds that this measure will make state court practice consistent with current federal court practice by allowing immediate appeals from preliminary orders granting or refusing injunctions. However, this measure may also burden the appellate courts with an increase in interlocutory appeals and likely delay the resolution of the underlying cases while the appeals are pending. Your Committee acknowledges that allowing interlocutory appeals before a final judgment on the merits erodes the deference appellate courts owe to the trial court's decisions on the many questions of law and fact that arise before judgment.

Your Committee has amended this measure by allowing interlocutory appeals only for denial of motions seeking dismissal or judgment for the movant based on sovereign immunity or qualified immunity. Your Committee has also amended this measure by changing the effective date to July 1, 2099 in order to promote continued discussion of the matter.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2971, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2971, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Nishihara).

SCRep. 2716 Judiciary and Labor on S.B. No. 3204

The purpose of this measure is to reduce the number of repetitious and vexatious challenges to criminal convictions by establishing a time limitation for filing habeas corpus complaints and limiting successive complaints.

The Department of the Attorney General, Hawaii County Office of the Prosecuting Attorney, and Maui County Department of the Prosecuting Attorney submitted testimony in support of this measure. The Office of the Public Defender submitted testimony in opposition.

Presently, a petition for post-conviction relief is the only method of challenging judgment and custody that does not have a statute of limitation. As a result, some defendants have repeatedly used this method to challenge convictions and custody long after the events at issue. Your Committee finds that this measure promotes the finality of judgments and sentences while permitting a defendant a reasonable period of time to discover, prepare, and file an action to challenge a conviction and custody.

The permanent Committee on Rules of Penal Procedure and Circuit Court Criminal Rules, proposed a five year limitation on a petition for post-conviction relief under Rule 40 of the Hawaii Rules of Penal Procedure. The proposal was rejected by the Hawaii

Supreme Court because it conflicted with the Legislature's authority regarding habeas corpus. Your Committee finds that the five-year limitation period should be adopted.

Part XI of chapter 844D, Hawaii Revised Statutes, permits a person who was convicted of and sentenced for, or acquitted by reason of physical or mental disease, disorder, or defect of, a crime to file a motion, at any time, for DNA analysis of evidence. As currently worded, this measure bars such a person from presenting DNA evidence that exonerates the person if it is discovered more than five years after a judgment. Your Committee finds that this would be a grave injustice to a wrongly charged or convicted person.

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

- (1) Establishing a time limitation for filing a petition for post-conviction relief under Hawaii Rules of Penal Procedure, as well as for complaints for a writ of habeas corpus under chapter 660, Hawaii Revised Statutes;
- (2) Providing that the time limitation shall not apply to any motion, petition, or appeal filed pursuant to part XI of chapter 844D; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3204, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3204, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Nishihara).

SCRep. 2717 Public Safety on S.B. No. 45

The purpose of this measure is to make a technical amendment to the Penal Code provision relating to the obstruction of government operations.

Prior to a hearing on this measure, your Committee circulated a proposed draft that deleted the original contents of the measure and inserted provisions which clarify that, for the nomination of paroling authority members, only a nominee's initial appointment is subject to a recommendation by a nomination panel.

Testimony in support of the proposed draft of the measure was submitted by the Department of Public Safety, the Hawaii Paroling Authority, and the Department of the Attorney General.

Your Committee finds that an expedited process for reappointing current members of the parole board provides for better efficiency and effectiveness in their day-to-day operations. Furthermore, this measure provides clear directives in the appointment process, term limits, and the status of incumbent parole board members.

Your Committee has amended this measure by:

- (1) Deleting the definition of the term "vacancy";
- (2) Changing the date of confirmation and authorization by the Senate to serve on the Hawaii Paroling Authority to after June 30, 2005 and prior to the effective date;
- (3) Changing the effective date to April 30, 2008; 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 Public Safety that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 45, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 45, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 1 (Whalen).

SCRep. 2718 Tourism and Government Operations on S.B. No. 2748

The purpose of this measure is to require a pre-job conference under the Hawaii Public Procurement Code for any project with an estimated contract value of \$500,000 or more, and to require that any protest be submitted prior to the pre-job conference.

Your Committee received testimony in support of this measure from the Iron Workers Stabilization Fund and Hawaii Building and Construction Trades Council, AFL-CIO. Testimony in opposition was received from the Department of Accounting and General Services and General Contractors Association of Hawaii. Comments were received from the State Procurement Office.

This measure provides that attendance at the pre-job conference, to be held at least thirty days prior to the date the contractor plans to begin work, is mandatory for the contractor, all subcontractors, and any employee representatives of workers who will be working on the project.

Testimony on this measure indicated that the underlying problem giving rise to this measure is the performance of work by unlicensed subcontractors and specialty contractors, who may not be licensed because they perform work under the umbrella of the general contractor. Your Committee believes the performance of work by unlicensed subcontractors and specialty contractors is a serious problem that should be addressed in this measure.

Another problem sought to be addressed by the labor unions is that of discreet segregation of the work to be performed on any particular job by the multitude of unions on the job simultaneously. Your Committee believes that this is a labor issue, unrelated to procurement.

Your Committee has amended this measure by:

- (1) Deleting its contents;
- (2) Inserting a requirement that verifiable proof of all applicable general, subcontractor, and specialty contractor licenses required by the job be included in the submissions with the offer;
- (3) Changing the effective date to July 1, 2050, to facilitate further discussions; and
- (4) Making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Tourism and Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2748, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2748, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Senate President on behalf of the Committee. Ayes, 3. Noes, none. Excused, 1 (Tsutsui).

SCRep. 2719 (Majority) Ways and Means on S.B. No. 2615

The purpose of this measure is to provide the non-profit community and the public-at-large with a better understanding of, and more confidence in, the Legislature's award of grants and subsidies.

Specifically, this measure:

- (1) Requires more detailed background information from applicants;
- (2) Provides for transparency and public participation in the selection process; and
- (3) Requires increased financial accountability for selected recipients.

Your Committee received testimony in support of this measure from the Department of Budget and Finance. The Domestic Violence Action Center and the P.H.O.C.U.S.E.D. offered comments.

Upon further consideration, your Committee made the following amendments to further improve the grants award process by:

- (1) Specifying that applications for grants must be submitted to the appropriate legislative committees no later than January 31 before the start of each legislative session, or if January 31 falls upon a Saturday, Sunday, or holiday, by the immediately preceding business day;
- (2) Requiring the applicant to demonstrate that the:
 - (A) Grant or subsidy will not be the sole source of funding for the services for which a grant or subsidy is awarded; and
 - (B) Services to be supported by the grant or subsidy are not already being adequately provided and thus are not duplicative;
- (3) Deleting the requirement that the applicant has a certification of good standing for the Department of Commerce and Consumer Affairs;
- (4) Providing that no grant may be awarded unless the applicant has:
 - (A) Satisfied all obligations to the State, including but not limited to making all necessary tax payments, and has completed and submitted all required documentation with respect to the requesting organization's business with any state department or agency; and
 - (B) Operated in the State for at least an unspecified number of years;
- (5) Clarifying that only nonprofit organizations may be awarded grants or subsidies by:
 - (A) Amending the definition of "recipient" in section 42F-101, Hawaii Revised Statutes; and
 - (B) Consolidating, in section 42F-103, Hawaii Revised Statutes, the various requirements relating to the nonprofit applicant in subsections (b) and (c) within subsection (a) and redesignating the remaining subsections;
- (6) Clarifying that public comment on all applications may be accepted to assist the Legislature in the selection process;
- (7) Requiring that a list of applicants, a brief description of the request, and the amount of each grant or subsidy applied for shall be posted on the Legislature's website before first lateral;
- (8) Requiring each expending agency to develop or identify performance measures for each operating grant or subsidy; and
- (9) Adding to the items to be included by each recipient in the report to be submitted to the expending agency and the Legislature, an assessment of the extent to which the provision of services funded by the grant or subsidy has met performance 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. 2615, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2615, S.D. 1, and be placed on the calendar for Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 10. Noes, 1 (Hemmings). Excused, 1 (Inouye).

SCRep. 2720 (Joint) Health and Education on S.B. No. 2545

The purpose of this measure is to encourage medical research into the causes, cure, and prevention of Alzheimer's disease by creating a task force to study the feasibility of establishing an Alzheimer's research center in Hawaii.

Your Committees received testimony in support of this measure from University of Hawaii John A. Burns School of Medicine, the Alzheimer's Association, Kokua Council, and one individual.

Your Committees find that the prevalence of Alzheimer's disease is increasing with the growing elder population in Hawaii. Establishing a task force under the supervision of the University of Hawaii John A. Burns School of Medicine to study the feasibility of an Alzheimer's research center is a necessary step forward to address the need for medical research into the causes, cure, and prevention of Alzheimer's disease in Hawaii's multi-ethnic population.

As affirmed by the records of votes of the members of your Committees on Health and Education that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2545 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Chairs on behalf of the Committees. Ayes, 8. Noes, none. Excused, 5 (Baker, Gabbard, Hee, Menor, Tokuda).

SCRep. 2721 (Joint) Health and Energy and Environment on S.B. No. 3072

The purpose of this measure is to protect and preserve the health and safety of the residents and environment of Hawaii.

Specifically, this measure clarifies the reporting requirements for "hazardous substances" and "extremely hazardous substances" by separating the different reporting requirements for "hazardous substances" and "extremely hazardous substances" to ensure that businesses file the required chemical inventory reports for "extremely hazardous substances" and pay the filing fee for reporting such substances.

Your Committees received testimony in support of this measure from the Department of Health, the City and County of Honolulu Local Emergency Planning Committee, and the Campbell Local Emergency Action Network.

Your Committees find that this is an important measure that will enhance the safety of our communities and allow emergency responders to better prepare and respond to emergencies involving hazardous chemicals.

As affirmed by the records of votes of the members of your Committees on Health and Energy and Environment that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3072 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by the Chairs on behalf of the Committees. Ayes, 6. Noes, none. Excused, 3 (Baker, Kokubun, Trimble).

SCRep. 2722 Commerce, Consumer Protection and Affordable Housing on S.B. No. 3017

The purpose of this measure is to protect mutual benefit society members by authorizing the Insurance Commissioner of the Department of Commerce and Consumer Affairs to monitor the relationships and transactions between mutual benefit societies and their affiliates.

Specifically, this measure:

- (1) Makes chapter 431, article 11, Hawaii Revised Statutes, expressly applicable to mutual benefit societies; and
- (2) Allows the Insurance Commissioner to monitor the relationship and transactions between mutual benefit societies and their affiliates, and among the affiliates of mutual benefit societies, in the same manner as presently authorized for other insurers.

Testimony in support of this measure was submitted by the Department of Commerce and Consumer Affairs. Testimony in opposition to this measure was submitted by the Hawaii Medical Service Association (HMSA).

Your Committee finds that mutual benefit societies are treated differently than other insurers under the Insurance Code, which includes being subjected to limited regulation by the Insurance Commissioner. In Hawaii, several mutual benefit societies provide insurance through the extensive use of their affiliates, which raises special concerns due to the nature of these transactions. This measure increases the regulatory supervision of the Insurance Commissioner over mutual benefit societies and their relationships and transactions with affiliates. Your Committee determines that increased regulation will improve the Insurance Commissioner's ability to protect consumers from improper transactions between mutual benefit societies and their affiliates.

Your Committee recognizes the testimony, submitted by HMSA, indicating concerns as to how this measure will affect the HMSA Foundation, which is a private charitable foundation that provides a vehicle by which HMSA can invest resources in a cost-effective manner to enhance the overall health and quality of life for the communities HMSA serves. Your Committee requests the Insurance Commissioner to address HMSA's concerns regarding the possible affects this measure will have on the HMSA Foundation.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3017, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 3 (Ihara, Sakamoto, Taniguchi).

SCRep. 2723 Judiciary and Labor on S.B. No. 3034

The purpose of this measure is to clarify that compensation received by certain private entities for the use of their facilities as a private shelter in the case of a civil defense emergency involving an attack is not considered compensation for the purposes of section 128-19, Hawaii Revised Statutes.

Your Committee reviewed testimony received by your Committee on Intergovernmental and Military Affairs.

This measure also applies to consideration paid by or on behalf of any minor or student of any age in any day care, preschool, elementary school, middle school, high school, college, university, trade school, or any other educational facility used as a private shelter.

Your Committee finds that during times of disaster emergencies, care homes and similar facilities become places of private shelter. Your Committee finds that there is a need to amend the law regarding the liability of an owner or operator of a hospital, community based care home, home-based care home, home health agency, or health care agency or facility of any type, as well as day care, and educational institutions, when an owner or operator of these facilities permits the use of the property for sheltering persons during disasters and emergencies. The Legislature recognizes that there is a shortage of shelter space in Hawaii and that the private industry should be encouraged to assist in sheltering the public by providing shelter for those persons who by reason of existing relationships may be in these facilities during disasters and emergencies. Under the current law, it is unclear whether owners or operators of certain facilities are able to fully comply with the requirements of section 128-19, Hawaii Revised Statutes, when providing shelter to persons in their care, custody, or charge because section 128-19 requires that shelter be made available without compensation.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3034, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Nishihara).

SCRep. 2724 (Majority) Ways and Means on S.B. No. 3138

The purpose of this measure is to extend the time allowed for the preparation of a report on the Waianae Coast baseline environmental study to establish the boundaries of an ocean recreation management area between Kalaeloa Point and Kaena Point, Oahu.

Specifically, this measure amends Act 6, Special Session Laws of Hawaii 2005, to require an interim report on the study in 2008 and the final report on the study in 2009. The measure also appropriates an unspecified amount for the continuation of the study.

Testimony in support of this measure was submitted by two concerned individuals. Testimony in opposition to this measure was submitted by the Department of Land and Natural Resources.

Your Committee finds that the Department of Land and Natural Resources submitted a status report, deemed the interim report, to the Legislature on the study for the 2008 Regular Session, and it is expected to submit a final report prior to the 2009 Regular Session. Accordingly, your Committee recognizes that the baseline environmental study is progressing and finds it reasonable to extend the time allowed for the preparation of the final report.

As affirmed by the record of votes of the members 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. 3138, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 10. Noes, 1 (Hemmings). Excused, 1 (Inouye).

SCRep. 2725 Commerce, Consumer Protection and Affordable Housing on S.B. No. 2459

The purpose of this measure is to help meet the pharmaceutical needs of patients in the State by authorizing the use of remote dispensing pharmacies under the direct supervision of a registered pharmacist in any county with less than 100,000 residents or outside of a ten mile radius of an existing pharmacy in counties with a population greater than 100,000 residents.

Testimony in support of this measure was submitted by Kauai County Subarea Health Planning Council, Kaiser Permanente, the Hawaii Medical Service Association (HMSA), the Waianae Coast Comprehensive Health Center, Ho'ola Lahui Hawai'i, the Hawaii Pharmacists Association, and one private individual. Testimony in opposition to this measure was submitted by the Department of Commerce and Consumer Affairs, and the Board of Pharmacy.

Your Committee finds that the use of remote dispensing pharmacies that are supported by modern telecommunication technologies offers an innovative and efficient method of providing residents of rural areas of the State with necessary prescription medications. Remote dispensing pharmacies will enable underserved communities to gain access to essential medications.

Your Committee recognizes the concerns indicated in submitted testimony with regards to the county population and ten mile radius requirements. Your Committee believes that remote dispensing machines should be made available to everyone regardless of county populations or radius restrictions as there are areas that do not qualify under the existing restrictions under this measure, but could still benefit greatly by the use of remote dispensing machines.

Furthermore, your Committee notes the comments indicated in testimony submitted by the Department of Commerce and Consumer Affairs that the Department does not have the expertise to perform a financial impact study on the use of remote dispensing machines on local pharmacies within a ten mile radius as required under section 4 of this measure. However, the Department indicated that it is able to report on the use of remote dispensing machines to the Legislature.

Accordingly, your Committee has amended this measure by:

- (1) Deleting language that limits a remote dispensing machine to any county with less than 100,000 residents or outside of a ten mile radius of an existing pharmacy in counties with greater than 100,000 residents;
- (2) Deleting language that requires the Department of Commerce and Consumer Affairs to submit an annual report to the Legislature that includes information on the financial impact that remote dispensing machines have on local pharmacies within a ten mile radius;
- (3) Changing the effective date of this measure from upon its approval to July 1, 2050 to encourage further discussion; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee believes that this measure, as amended, fulfills the intent of this measure, which is to help meet the pharmaceutical needs of patients in the State.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2459, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2459, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, 1 (Taniguchi).

SCRep. 2726 Commerce, Consumer Protection and Affordable Housing on S.B. No. 2584

The purpose of this measure is to support and encourage further growth and productivity of Hawaii's agricultural industry by recognizing honey as an agricultural commodity.

Testimony in support of this measure was submitted by the Department of Agriculture, the Hawaii Farm Bureau Federation, and one private individual.

Hawaii's honey bees are a critical part of the agricultural production chain and responsible for the pollination of many crops grown in the State. Furthermore, local beekeepers produce one of the world's highest quality honeys. Your Committee finds that recognizing honey as an agricultural commodity will provide the recognition and support needed to encourage and expand this industry.

Your Committee recognizes the testimony submitted by the Department of Agriculture indicating that under cooperative agreements with various federal agencies, the Department is able to conduct inspections of a number of imported agricultural commodities and food products. However, raw honey does not qualify under the United States Grade Standards for extracted honey; thus, the Department will not be able to conduct inspections on imported raw honey.

Furthermore, your Committee notes that the Department of Agriculture was requested by the previous committee, the Committee on Agriculture and Hawaiian Affairs, to consult with the Department of the Attorney General to determine how grocers could appropriately be required to provide consumers with honey labeled with its country of origin. The Department of Agriculture indicated to your Committee that they are currently working with the Department of the Attorney General to look at how a country of origin labeling program, such as the labeling program established in Florida, could be implemented in Hawaii.

Accordingly, your Committee has amended this measure by:

- (1) Changing the effective date of this measure from July 1, 2008 to July 1, 2050, to encourage further discussion on this matter; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee believes that this measure, as amended, fulfills the intent of this measure, which is to support and encourage further growth and productivity of Hawaii's agricultural industry.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2584, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2584, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 6. Ayes with Reservations, 1 (Trimble). Noes, none. Excused, 1 (Taniguchi).

SCRep. 2727 (Majority) Commerce, Consumer Protection and Affordable Housing on S.B. No. 1248

The purpose of this measure is to require applicants for various types of electrical licensing to provide evidence of successful completion of an accredited academic and apprenticeship program covering the principles of electrical theory and the requirements of the National Electrical Code, in addition to the existing requirements under chapter 448E, Hawaii Revised Statutes, relating to electricians and plumbers.

Testimony in support of this measure was submitted by the Hawaii Electricians Training Fund; the International Brotherhood of Electrical Workers, Local Union 1186; the Electrical Contractors Association of Hawaii; and three private individuals. Testimony in opposition to this measure was submitted by the Board of Electricians and Plumbers; the United Association of Plumbers and Fitters, Local 675; and two private individuals.

Your Committee finds that requiring academic and apprenticeship training for applicants for various types of electrical licensing will ensure that these individuals have the ability to satisfy the level of proficiency required to complete electrical work in a safe manner. However, your Committee recognizes the submitted testimony indicating that further licensing requirements for electricians are not necessary and indicating concerns with regards to providing academic and apprenticeship requirements for journey worker plumbers. Due to the contentious nature of this measure, your Committee received several amendments suggested by various groups in the electrician industry.

Your Committee notes the amendments suggested by the International Brotherhood of Electrical Workers, Local Union 1186 to apply the academic and apprenticeship requirements to only journey worker electrician classifications, and not to other classifications. Furthermore, your Committee notes the amendment suggested by the Board of Electricians and Plumbers to provide clarity that the academic and apprenticeship requirements in this measure shall not affect the scope of the work of plumbers and electricians licensed under chapter 448E, Hawaii Revised Statutes and its adopted rules, and the amendment suggested by the United Association of Plumbers and Fitters, Local 675 to provide a clause that would clarify that this measure would not affect the rights and duties of other building trades whose duties have included electrical work for the past fifty years.

Your Committee changed the effective date of this measure to July 1, 2050, when this measure was heard during the 2007 Regular Session, and encourages further discussion on this matter as this measure moves through the legislative process.

Your Committee has amended this measure by:

- (1) Adding language that applies the academic and apprenticeship requirements to only journey worker electrician classifications under section 448E-5, Hawaii Revised Statutes;
- (2) Deleting language that applies the academic and apprenticeship requirements to any other electrician or plumber classifications under section 448E-5, Hawaii Revised Statutes; and
- (3) 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 Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1248, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1248, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 5. Ayes with Reservations, 2 (Espero, Sakamoto). Noes, 1 (Trimble). Excused, 1 (Taniguchi).

SCRep. 2728 Commerce, Consumer Protection and Affordable Housing on S.B. No. 1789

The purpose of this measure is to allow community television to develop and respond to the needs of the many diverse communities in the State by authorizing the Director of Commerce and Consumer Affairs to designate an access organization to oversee the development, management, and broadcasting of programs on public education and government (PEG) channels.

Specifically, this measure:

- (1) Authorizes the Director of Commerce and Consumer Affairs to designate an access organization to oversee the development, operation, supervision, management, production, and broadcasting of programs on PEG channels;
- (2) Allows the designation of an access organization to be exempt from the requirements under chapter 103D, Hawaii Revised Statutes, relating to the Procurement Code; and
- (3) Requires the Director of Commerce and Consumer Affairs to seek the advice of the Cable Advisory Committee on any decision designating, modifying, or rescinding a designation of an access organization or the designation requirements.

Testimony in support of this measure was submitted by one private individual.

Your Committee finds that community television is an important and valuable forum that has the ability of informing, educating, communicating with, and representing the voices of various communities and groups. For example, residents of the Waianae Coast have benefited from Olelo's (an access organization) efforts in making PEG programs more accessible by placing a media center in Waianae as well as in five other communities with more locations planned for in the future. Authorizing the Director of Commerce and Consumer Affairs to designate an access organization to oversee the development, operation, supervision, management, production, and broadcasting of programs on PEG channels will ensure that access organizations will continue to provide these valuable community media services to the community.

Selecting a PEG organization through an open competition bid process may have a negative social impact on the rural districts in which these organizations serve. Thus, your Committee further finds that exempting designated access organizations from the Procurement Code under chapter 103D, Hawaii Revised Statutes, will ensure that quality PEG programming, which depends largely upon the sensitivity and perception of the provider to the needs and wants of the community, will continue to serve the community.

Your Committee notes that the previous committee, the Committee on Tourism and Government Operations, inserted into this measure an effective date of July 1, 2050. Your Committee encourages further discussion on the matter as this measure moves through the legislative process.

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

Your Committee believes that this measure, as amended, fulfills the intent of this measure, which is to allow community television to develop and respond to the needs of the many diverse communities in the State.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1789, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1789, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 6. Ayes with Reservations, 2 (Ige, Ihara). Noes, none. Excused, 1 (Taniguchi).

SCRep. 2729 Commerce, Consumer Protection and Affordable Housing on S.B. No. 2094

The purpose of this measure is to permit the examiner of drivers to waive the test of knowledge of the rules of the road for applicants holding a valid driver's license from another state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, American Samoa, Guam, a province of the Dominion of Canada, the Commonwealth of the Northern Mariana Islands, the Federated States of Micronesia, the Republic of the Marshall Islands, the Republic of Palau, or any of the federal government's political subdivisions, territories, or commonwealths.

Testimony in support of this measure was submitted by the Department of Transportation and two private individuals. Testimony in opposition to this measure was submitted by the Department of Customer Services, City and County of Honolulu.

Your Committee finds that since the majority of jurisdictions have adopted uniform motor vehicle laws, this measure would allow for reciprocity similar to that currently permitted for commercial driver's licenses. Section 286-236(g), Hawaii Revised Statutes, allows the examiner to waive the test of knowledge if there is a valid license from another state, Mexico, or a province in Canada.

Your Committee recognizes that the previous committee, the Committee on Transportation and International Affairs, extended the waiver for applicants holding a valid driver's license from the Federated States of Micronesia, the Republic of the Marshall Islands, the Republic of Palau, and any of the federal government's political subdivisions, territories, or commonwealths. Testimony submitted by the City and County of Honolulu indicated that the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau are not participants of the United Nations Convention of Road Traffic; thus, a valid driver's license issued from any of these three nations are not recognized as being valid for operation of a vehicle in any United States jurisdiction. However, your Committee recognizes that a request has been made to encourage the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau to accede to the United Nations Convention of Road Traffic, which will address the concerns raised by the City and County of Honolulu.

Your Committee has amended this measure by changing the effective date of this measure from effective upon its approval to July 1, 2050 to encourage further discussion on this matter.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2094, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2094, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 2 (Ige, Taniguchi).

SCRep. 2730 (Majority) Commerce, Consumer Protection and Affordable Housing on S.B. No. 2630

The purpose of this measure is to promote transparency of the pricing methods used by Hawaii petroleum industries by expanding the amount of information collected by the Public Utilities Commission (PUC), and requiring the publishing of the collected industry information and gas prices.

Specifically, this measure:

- (1) Requires distributors to report to the PUC their average crude oil costs and their average wholesale gasoline prices charged for each class of trade;
- (2) Requires the PUC to publish, on a weekly basis, the information furnished by the distributors, pursuant to section 486J-4.5, Hawaii Revised Statutes, categorized by island and distributor; and
- (3) Requires the PUC to publish, on a weekly basis, the average retail gasoline prices for each island.

Testimony in opposition to this measure was submitted by Aloha Petroleum, Ltd.; and the Western States Petroleum Association. The Public Utilities Commission submitted testimony expressing serious concerns and comments.

While increased transparency promotes greater public awareness and knowledge, your Committee recognizes the concerns raised in the submitted testimony regarding requiring Hawaii petroleum industries to submit to the PUC their pricing methods, and requiring the PUC to publish this information. The PUC indicated that this measure poses a conflict with section 486J-6, Hawaii Revised Statutes, which protects confidential commercial information from disclosure, and further indicated that the industry and individual distributors will likely disagree with the public disclosure of their confidential commercial information, and may refuse to cooperate with and seek to withhold information from the PUC, despite the enforcement measures that the PUC is authorized to use. Testimony from Aloha Petroleum, Ltd. indicated that the forced release and publication of confidential commercial and proprietary information to the public could cause competitive harm to stakeholders and presents the risk of causing market disruptions within the industry. Furthermore, withholding information by the industry would severely hamper the PUC's ability to efficiently collect the information necessary to implement the petroleum industry monitoring, analysis, and reporting program. Your Committee finds that this measure merits further discussion in order to address the various concerns regarding the release and publication of confidential commercial information and the possible reluctance from the petroleum industries to comply with this measure.

Accordingly, your Committee has amended this measure by changing the effective date from July 1, 2008 to July 1, 2050 to encourage further discussion on this matter.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2630, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2630, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, 1 (Trimble). Excused, 2 (Ige, Ihara).

SCRep. 2731 Education on S.B. No. 2333

The purpose of this measure is to establish a working group to study the feasibility of establishing an Institute of Robotics at the University of Hawaii at Manoa College of Engineering.

Testimony in support of the measure was submitted by the Department of Education, the University of Hawai'i System, and six individuals.

Your Committee finds that to move Hawaii forward to succeed in this new millennium requires a dedication to supporting innovation and technology and growing a qualified workforce to support these areas. Competition in the fields of science, technology, engineering, and math (STEM) has escalated throughout the world, and Hawaii needs to invest in the education and training of our students to ensure that they will succeed in the workforce. Accordingly, last year, the Legislature enacted Act 111, Session Laws of 2007, which sought to create a system of STEM academies for students in middle and high school and other related programs to ensure preparedness of students for post-secondary education and beyond. In keeping with this vision, several high schools throughout the State have established successful robotics programs that have allowed students to develop skills and explore careers in the STEM fields. However, increased opportunities are necessary to allow students to pursue education and careers in these fields and establish Hawaii as a technology axis for the Pacific Region.

This measure establishes a working group to examine the feasibility of creating an Institute of Robotics within the College of Engineering at the University of Hawaii at Manoa. Your Committee determines that this measure allows the State to look at the different ways in which appropriate programs can be developed and funded to concentrate and maximize state resources to increase and grow a highly-skilled, highly-qualified workforce.

The University of Hawaii raised concerns regarding its ability to conduct a feasibility study on an Institute of Robotics and requested amendments to broaden the scope of the issue to allow the University to appropriately explore increased opportunities for individuals to pursue specialized education and careers in robotics.

Accordingly, your Committee has amended this measure by:

- (1) Broadening the scope of the study by requiring the working group to discuss the feasibility of establishing within the College of Engineering at the University of Hawaii at Manoa an Institute of Robotics or a related institute or program with consideration of the appropriate background science and technology fields, and application areas, on which an institute or other program will focus; and
- (2) Making technical, nonsubstantive changes for purposes of clarity and to reflect preferred drafting 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 S.B. No. 2333, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2333, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 3 (Chun Oakland, Hee, Nishihara).

SCRep. 2732 Health on S.B. No. 409

The purpose of this measure is to ensure patient safety and quality health care in medical-surgical wards of the acute care hospitals in Hawaii.

Specifically, this measure mandates health insurance coverage for medical vigilance services that are approved by the federal Food and Drug Administration.

Your Committee received testimony in support of this measure from Hoana Medical, Inc. and one individual. Hawaii Medical Service Association and Kaiser Permanente submitted testimony with concerns on this measure. The Auditor submitted an update on the submission of the final report.

Your Committee finds that mandatory health insurance coverage for medical vigilance services will substantially enhance patient safety and provide a new standard-of-care for the people of this State. Your Committee further finds that, pursuant to Senate Concurrent Resolution No. 209 C.D. 1 (2007), the Auditor is in the process of completing an impact assessment report, required by sections 23-51 and 23-52, Hawaii Revised Statutes, of the social and financial impacts of mandating coverage of medical vigilance services in acute care hospitals for all policies and contracts, hospital and medical service plan contracts, medical service corporation contracts, and health maintenance organization plans and contracts issued after December 31, 2007.

Accordingly, your Committee has amended this measure by changing the effective date to encourage further discussion regarding the Auditor's report that is to be submitted to the Legislature. Your Committee has further amended this measure by making technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 409, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 409, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Baker).

SCRep. 2733 Judiciary and Labor on S.B. No. 3051

The purpose of this measure is to authorize the Department of Human Services, or its designee, to conduct criminal history record checks for those individuals providing services to adults and children at risk.

Your Committee received testimony in support of this measure from the Department of Human Services and the Office of Youth Services. Goodsill Anderson Quinn & Stifel submitted testimony in support of this measure with amendments.

Your Committee finds that, due to the tremendous rise in requests for criminal history record checks, the Department of Human Services finds that it may be beneficial to enable the Department to contract the services of an outside entity so that it can focus on its core responsibilities. While your Committee believes the concept has merit, it believes that this issue would benefit from further discussion and deliberation.

Accordingly, your Committee has amended this measure by:

- (1) Deleting the provisions that would enable the Department of Human Services to outsource the responsibility to conduct criminal history record checks to a designee;
- (2) Changing the effective date to July 1, 2050; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, style, and to accurately reflect existing law.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3051, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3051, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Nishihara).

SCRep. 2734 Judiciary and Labor on S.B. No. 2363

The purpose of this measure is to hold perpetrators strictly liable for sexual assault against persons who are mentally defective.

Specifically, this measure provides that:

- (1) Proof that a person knew that another person was mentally defective shall not be required in any class A felony prosecution for knowingly subjecting another person who is mentally defective to sexual penetration, under section 707-730, Hawaii Revised Statutes (sexual assault in the first degree);
- (2) A person commits the offense of sexual assault in the third degree if the person knowingly subjects to sexual contact another person who is mentally defective, or causes a person who is mentally defective to have sexual contact with the actor; and further provides that proof that the person knew that the other person was mentally defective is not required in any prosecution for knowingly subjecting to sexual contact another person who is mentally defective, or causing a person who is mentally defective to have sexual contact with the actor.

The Honolulu Department of the Prosecuting Attorney and one individual submitted testimony in support of this measure.

Your Committee finds that persons who are mentally defective need additional protection from sexual predators. The term "mentally defective" is defined under section 707-700, Hawaii Revised Statutes, to mean "a person suffering from a disease, disorder, or defect which renders the person incapable of appraising the nature of the person's conduct."

Your Committee further finds that this measure will extend additional protection to a vulnerable segment of the population that has limited, if any, capacity to give knowing and willing consent to sexual acts.

Upon further consideration, your Committee has amended this measure by making technical nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2363, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2363, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Nishihara).

SCRep. 2735 Judiciary and Labor on S.B. No. 2245

The purpose of this measure is to protect young children left unattended in motor vehicles by providing law enforcement with a preventive tool similar to the seat belt use and child safety seat laws.

Specifically, this measure prohibits operators and adult passengers of motor vehicles from leaving the vehicle with an unattended child under the age of nine inside for five minutes or more and makes such conduct a violation of the statewide traffic code, not a crime, for which a violator may only be fined. The measure grants law enforcement officers, firefighters, and rescue team personnel immunity from liability in any civil action for removing the child from the motor vehicle in good faith.

The measure also requires the examiner of drivers to specifically test an applicant for a driver's license for knowledge of the requirement. Finally, the measure requires lessors of rental motor vehicles to display at all times in a conspicuous place in each rental motor vehicle the prohibition against leaving a child unattended in a motor vehicle.

Your Committee received testimony in support of this measure from the Department of the Attorney General. The Department of the Prosecuting Attorney of the City and County of Honolulu and State Farm Mutual Automobile Insurance Company submitted late testimony in support of this measure.

Upon further consideration, your Committee has amended this measure to make technical nonsubstantive amendments including clarifying that the amendments made to section 286-108, Hawaii Revised Statutes, shall not be repealed when that section is repealed and reenacted on January 9, 2011, by Act 72, Session Laws of Hawaii 2005.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2245, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2245, S.D. 1.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Nishihara).

SCRep. 2736 Judiciary and Labor on S.B. No. 2080

The purpose of this measure is to require the Hawaii Teacher Standards Board to revoke a teacher's license when the teacher has been convicted of certain sexual offenses against a minor.

Testimony in support of the measure was submitted by the Department of Education and the Hawaii State Teachers Association.

Your Committee finds that the health and safety of our keiki, particularly while they are in school, is a high priority for the State. While the Department of Education takes necessary precautions in screening and hiring employees, the Hawaii Teacher Standards Board can provide great assistance in ensuring that teachers convicted of certain crimes do not retain or renew their licenses to teach in the State. This measure requires the Hawaii Teacher Standards Board to automatically revoke a teacher's license upon notice that a teacher has been convicted of a sexual offense against a minor. Although this practice is being examined by the Hawaii Teacher Standards Board for inclusion in its administrative rules, your Committee believes that this matter is appropriate for statutory implementation to ensure the safety of our students.

Your Committee has amended this measure by:

- (1) Requiring the Department of Education to notify the clerk of the court of each individual who the Department has identified as a teacher who is being tried by the court for a sexual offense. The clerk of the court shall then transmit a copy of the judgment of conviction to the Hawaii Teacher Standards Board. This change will help the court clerk to identify which defendants are teachers;
- (2) Including sections 707-750, 707-751, 707-752, 707-753, and 707-756, Hawaii Revised Statutes, in the list of sexual offenses for which automatic revocation of a teacher's license applies;
- (3) Changing an incorrect reference to section 707-733.5, Hawaii Revised Statutes, to 707-733.6, Hawaii Revised Statutes; and
- (4) Changing its effective date to July 1, 2050, for purposes of facilitating further discussion.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2080, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2080, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2737 Judiciary and Labor on S.B. No. 3070

The purpose of this measure is to clarify court procedures on the seventy-two hour hold and extended hold process as it relates to the conditional release of persons originally committed from the Hawaii State Hospital or related facility.

Your Committee received testimony in support of this measure from the Department of Health and the Judiciary.

Your Committee finds that this measure allows the court to conduct a hearing, at or before the expiration of the seventy-two hour period of hospitalization, to determine whether the person would benefit from further hospitalization which may render a revocation of a conditional release unnecessary. The court, if satisfied at the hearing, may order further temporary hospitalization for a period not to exceed ninety days, subject to extension as appropriate, but not to exceed one year. At any time within that one year period, the court may determine that another hearing should be conducted to determine whether the conditions of release should be modified or that the person should be ordered to the custody of the Director of Health to be subject to further proceedings under law for conditional release.

This measure is intended to make explicit in the statute the distinction between a conditional release and a revocation of a conditional release for a period of seventy-two hours. Testimony indicated that this measure will result in decreasing the utilization of bed space at the Hawaii State Hospital by limiting the length of time of a committal pursuant to a conditional release revocation.

Your Committee has amended this measure by making technical, nonsubstantive amendments for the purpose of clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3070, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3070, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (Hee).

SCRep. 2738 Judiciary and Labor on S.B. No. 2263

The purpose of this measure is to require the University of Hawaii Board of Regents to publicly disclose certain information in open meetings.

Testimony in support of this measure was received from the University of Hawaii Professional Assembly and one individual. The Office of Information Practices submitted comments.

The information to be disclosed under this measure is:

- (1) Compensation offered to newly hired employees;
- (2) Changes in compensation offered to existing employees for administrative positions in the University of Hawaii System filled by excluded employees; and
- (3) All budgetary expenditures made by the Board of Regents.

Over the past few years, salaries of University of Hawaii faculty and administrators have dramatically increased. They have escalated to the point that approximately four hundred and seventy-three faculty and administrators are currently paid salaries that exceed the salary of the Governor of Hawaii, which makes the matter one of statewide importance and concern. Recently, much of the University's management and operations has been called into question, including its current practice of preventing public access to information on the potential salaries of new faculty and administrators and expenditures of the Board of Regents. The public disclosure of information on the salaries of new hires at the University of Hawaii and for raises for top administrators will enable the public to more fully participate in the affairs of this public institution.

The intent of this measure is to afford the public the opportunity to review and comment on the compensation of excluded employees of the University of Hawaii and the expenditures of the Board of Regents.

Your Committee has amended this measure by making technical amendments as suggested by the Hawaii Government Employees Association to clarify that administrative employees of the University of Hawaii are executive/managerial employees under collective bargaining unit 8 and excluded employees represented by AFSCME.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2263, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2263, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (Hee).

SCRep. 2739 Judiciary and Labor on S.B. No. 2896

The purpose of this measure is to reduce and deter unlicensed contractor activity in this State by prohibiting the resumption of work by any contractor who is issued a citation for operating without a license.

Your Committee received testimony in support of this measure from the Subcontractors' Association of Hawaii. Testimony in opposition was received from the General Contractors Association of Hawaii and testimony with concerns was submitted by the Iron Workers Stabilization Fund.

Your Committee finds that unlicensed contracting activity is a serious problem that decreases state revenues and adversely impacts legitimate contractors and consumers, all of whom face the consequences of having to contend with contractors who refuse to play by the rules. Your Committee notes that this measure will focus on those contractors who continue to perform work without a license, by requiring them to cease work immediately upon the issuance of a citation and prohibiting them from resuming work until all licensing requirements are met. In addition, it is the intent of your Committee that the foregoing requirements apply to general contractors as well as subcontractors. In this regard, unlicensed general contractors will receive the same citation and cease and desist orders as unlicensed subcontractors.

Your Committee has amended this measure by requiring investigators to issue both citations and cease and desist orders upon determining that the contractor is performing work without a license.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2896, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2896, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 5. Ayes with Reservations, 1 (Slom). Noes, none. Excused, 1 (Hee).

SCRep. 2740 Judiciary and Labor on S.B. No. 3080

The purpose of this measure is to enable the Hawaii Health Systems Corporation to perform criminal history record checks on all existing employees, prospective contractors, volunteers, and vendors via the Hawaii Criminal Justice Data Center's Federal Bureau of Investigations (FBI) checks.

Testimony in support of this measure was received from the Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO.

Currently, the Hawaii Health Systems Corporation is authorized by federal law to conduct FBI criminal history background checks on employees and applicants who will have direct contact with children, the elderly, and disabled patients. This measure would expand that authority to conduct background checks on all employees and applicants, including current and potential contractors, and providers of services and volunteers, without regard to having direct contact with patients.

The intent of this measure is to promote the safety of patients and employees of the Hawaii Health Systems Corporation.

Your Committee has amended this measure by changing the effective date to July 1, 2050.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3080, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3080, S.D. 1.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Nishihara).

SCRep. 2741 Judiciary and Labor on S.B. No. 3071

The purpose of this measure is to allow the Director of Health to apply to the court for any committed persons to be discharged from, or for the modification of any order granting conditional release.

Your Committee received testimony in support of this measure from the Department of Health.

Your Committee finds that enabling the Director of Health to petition the courts for discharges, where appropriate, will help to ease the overcrowding problem at the Hawaii State Hospital and protect the health and safety of the patients and staff at the hospital. Furthermore, the changing mental condition of the person is always relevant at any point in time to the person's legal custodial status. Your Committee notes that a person on conditional release is required to receive community-based mental health services until no longer affected by the mental condition, disorder, or defect and is no longer a danger to themselves or to others.

Your Committee has amended this measure by making technical changes on the recommendation of the Department of Health.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3071, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3071, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (Hee).

SCRep. 2742 (Majority) Judiciary and Labor on S.B. No. 2064

The purpose of this measure is to exempt psychologists from jury service in order to better serve the residents of Hawaii.

Your Committee received testimony in support of this measure from the Hawaii Psychological Association, Na Pu'uwai Native Hawaiian Health Care System, and twenty-one individuals. Your Committee received testimony in opposition to this measure from the Judiciary and The League of Women Voters of Hawaii.

Your Committee finds that exempting psychologists from jury service will serve to protect the health of the public by avoiding a disruption in patient care. In this regard, it is often difficult to replace one psychologist with another, without significant risk to the health or well-being of the patient. Furthermore, patients in rural areas may face additional difficulties due to a shortage of psychologists.

Your Committee has amended this measure by exempting only psychologists who are in the full-time practice of treating patients. Testimony from various proponents of this measure indicated that the need for this exemption is directly related to patient care.

Your Committee has also amended this measure by amending the effective date to July 1, 2050, for purposes of facilitating further discussion.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2064, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2064, S.D. 1.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, 1 (Slom). Excused, 2 (Hee, Kokubun).

SCRep. 2743 Judiciary and Labor on S.B. No. 3060

The purpose of this measure is to allow the Hawaii Public Housing Authority to hold public housing eviction hearings without the public housing tenant member of the eviction board present so long as quorum is met.

Your Committee received testimony in support of this measure from the Department of Human Services.

Your Committee finds that a situation has developed where public housing eviction hearings have been delayed for months due to an inability to find a public housing tenant to serve on an eviction board, due in part to a fear of retaliation from fellow housing residents.

Your Committee recognizes that the tenant board member plays an important role by representing the tenants' interest at an eviction hearing and your Committee wants to note that this measure is not eliminating the tenant board member from the eviction process but instead enables the eviction process to resume if the tenant board member does not attend the hearing and there is still a quorum of the other members. Your Committee is willing to explore inserting additional language to require at least one meeting to transpire in absence of the tenant member, before a vote is allowed to be taken on the eviction in absence of the tenant member. Accordingly, the vote in absence of the tenant member may be taken on the eviction at the subsequent meeting if there is a quorum. Your Committee further finds that allowing the Hawaii Public Housing Authority to hold eviction hearings without the presence of the tenant member of the board will eliminate time delays and save the Authority, which is currently running at a deficit, the costs incurred by the delays.

Your Committee has amended this measure to change the effective date to July 1, 2050.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3060, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3060, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Nishihara).

SCRep. 2744 Ways and Means on S.B. No. 2624

The purpose of this measure is to appropriate moneys to continue the work of the Hawaii Energy Policy Forum.

Specifically, this measure appropriates an unspecified amount of funds to the Hawaii Energy Policy Forum to:

- (1) Implement the detailed action plans to its ten point plan to meet Hawaii's energy goals;
- (2) Monitor energy-related policies and programs to continually assess and update tangible goals, objectives, desired outcomes, and actions to achieve the energy vision and goals of the Hawaii Energy Policy Forum;
- (3) Continue to refine and evaluate benchmarks for measuring outcomes of energy implementation strategies;
- (4) Continue to engage Hawaii's business, government, labor, and community leaders and integrate them into its policy activities and discussions; and
- (5) Continue to educate the greater community and create public awareness about Hawaii's energy needs.

This measure also requires the Hawaii Energy Policy Forum to submit a report to the Legislature prior to the 2009 Regular Session.

Testimony in support of this measure was submitted by the Department of Business, Economic Development, and Tourism, the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs, Hawaii Energy Policy Forum, Hawaiian Electric Company, Inc., and the Hawaii Solar Energy Association. Comments on this measure were submitted by the University of Hawaii at Manoa.

Your Committee finds that the Hawaii Energy Policy Forum has made considerable progress to date, and this measure would allow the Hawaii Energy Policy Forum to continue its work to develop strategies that will meet Hawaii's energy goals.

In addition, your Committee considered S.B. No. 2625, S.D. 1 (2007), which also makes an appropriation to continue the work of the Hawaii Energy Policy Forum. Specifically, this measure appropriates an unspecified amount of funds for the Hawaii Energy Policy Forum to conduct a study on energy-efficient transportation strategies with the Department of Business, Economic Development, and Tourism, the Department of Transportation, and members of the energy-efficient transportation strategies working group. Your Committee further finds that S.B. No. 2625, S.D. 1, would allow for the continued research and development of much-needed energy-efficient transportation alternatives for the State.

Upon further consideration, your Committee finds that both of these measures aim to achieve similarly beneficial goals, and the appropriations in each bill would allow the Hawaii Energy Policy Forum to continue its work toward a clean, efficient, and sustainable energy future for the State.

Accordingly, your Committee has amended this measure by:

- (1) Inserting the contents of S.B. No. 2625, S.D. 1; and
- (2) Making technical nonsubstantive amendments 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. 2624, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2624, S.D. 1.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Hooser).

SCRep. 2745 Ways and Means on S.B. No. 3221

The purpose of this measure is to:

- (1) Acquire the Coco Palms Resort on the island of Kauai and convert it into a public historical park and cultural center to preserve and benefit native Hawaiian culture; and
- (2) Appropriate matching funds for that purpose.

Bali Hai Weddings and one individual submitted testimony in support of this measure. The Department of Land and Natural Resources submitted comments.

Your Committee finds that the area encompassing the Coco Palms Resort on the island of Kauai is culturally significant to the history of native Hawaiians. The area was once the home of Kauai's last reigning queen, Queen Deborah Kapule, and includes some of the oldest heiau, which are places of refuge and for birthing of chiefs. A two thousand-tree coconut grove is also within the Coco Palms Resort that was originally planted with coconut tree nuts imported from Samoa in 1896. The Coco Palms Resort has been neglected over the years and fallen into disrepair.

This measure appropriates funds for the Board of Land and Natural Resources to enter into negotiations in partnership with other public and nonprofit agencies to acquire the approximately thirty-two acres of land referred to as the Coco Palms Resort for a public historical park and cultural education center. Your Committee finds that this measure will help preserve and benefit the native Hawaiian culture.

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

- (1) Changing the sums of the general obligation bonds and the appropriation to unspecified amounts;
- (2) Adding language to indicate that the appropriation made for the capital improvement project authorized under section 4 of the bill that are unencumbered as of June 30, 2010, shall lapse as of that date;
- (3) Designating the Department of Land and Natural Resources as the expending agency for purposes of the general obligation bonds and the appropriation out of the general revenues; and
- (4) Making technical, nonsubstantive amendments for 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. 3221, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3221, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Inouye).

SCRep. 2746 Ways and Means on S.B. No. 2833

The purpose of this measure is to address the long range issues critical to Hawaii's way of life and natural resources by enacting the Hawaii 2050 sustainability plan.

More specifically, the measure:

- (1) Sets forth and adopts the Hawaii 2050 sustainability plan as a new chapter under title 13, Hawaii Revised Statutes;
- (2) Establishes a sustainability council to coordinate, implement, measure, and evaluate the progress of the Hawaii 2050 sustainability plan and its related progress; and
- (3) Appropriates funds for the creation of the council.

Testimony in support of this measure was submitted by the Hawaii Sustainability Task Force, the Office of Hawaiian Affairs, the Hawaii State Teachers Association, the Hawaii Association of Independent Schools, The Nature Conservancy of Hawaii, the Chamber of Commerce of Hawaii, the Aloha United Way, the Hawaii Government Employees Association, the Hawaii State AFL-CIO, the Hawaii Science and Technology Council, the Hawaii Farm Bureau Association, the National Association of Social Workers, Actus Lend Lease, God's Country Waimanalo, and five private individuals. Three private individuals submitted comments. Testimony opposing the measure was submitted by the Office of the Governor, the Hawaii Business Roundtable, and three private individuals.

Your Committee has amended this measure by:

- (1) Clarifying that five of the nine public members of the Sustainability Council initially appointed shall be members of the Hawaii 2050 sustainability task force;
- (2) Clarifying that the five members of each advisory committee shall not be council members;
- (3) Clarifying when the council's first annual report will be due; and
- (4) Making technical nonsubstantive amendments for the purpose of 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. 2833, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2833, S.D. 1.

Signed by the Chair on behalf of the Committee. Ayes, 12. Ayes with Reservations, 1 (Whalen). Noes, none. Excused, none.

SCRep. 2747 Ways and Means on S.B. No. 2826

The purpose of this measure is to transfer responsibilities for procurement practices training and development from the Department of Human Resources Development to the State Procurement Office. In addition, the measure:

- (1) Mandates procurement practices training for procurement officers of the State and county; and
- (2) Clarifies that the Comptroller serves as an ex-officio nonvoting member of the State Procurement Policy Board.

The State Procurement Office submitted comments.

Your Committee finds that procurement training is an important and vital tool for ensuring that proper procurement practices are achieved in expenditures of public moneys. Your Committee further finds that the charge of conducting procurement training is more appropriately situated with the State Procurement Office rather than the Department of Human Resources Development.

Your Committee has amended this measure to clarify that, although procurement practices training is available to procurement officers of the State and the counties, attendance at procurement training programs is mandatory only for state procurement officers. Attendance is elective for county procurement officers.

As affirmed by the record of votes of the members 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. 2826, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2826, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 12. Noes, none. Excused, none.

SCRep. 2748 (Majority) Ways and Means on S.B. No. 2727

The purpose of this measure is to establish the Ha'iku Valley Cultural Preserve Commission which shall have policy and management oversight of the Ha'iku Valley Cultural Preserve.

Specifically, this measure:

- (1) Establishes the Ha'iku Valley Cultural Preserve and limits its future uses in perpetuity to cultural, archaeological, and environmental preservation, restoration, protection, and education;
- (2) Establishes the Ha'iku Valley Cultural Preserve Commission within the Office of Hawaiian Affairs to have authority over the policy and management of the Ha'iku Valley Cultural Preserve;
- (3) Creates penalties for violating laws or rules applicable to the Ha'iku Valley Cultural Preserve;
- (4) Authorizes the conveyance of "all of Ha'iku Valley" in fee simple to the Office of Hawaiian Affairs and appropriates an unspecified amount for the acquisition of Ha'iku Valley;
- (5) Provides for the preserve's eventual transfer to a sovereign Hawaiian entity upon its recognition by the United States and the State; and
- (6) Establishes the Ha'iku Valley Cultural Preserve Trust Fund.

Testimony in support of this measure was submitted by Kupuna o Kahana, The Koolau Foundation, Koolaupoko Hawaiian Civic Club, and five concerned individuals. Comments on this measure were submitted by the Department of Land and Natural Resources.

Your Committee finds that Ha'iku Valley is home to significant cultural, historical, and environmental resources. Your Committee finds that the creation of the Ha'iku Valley Cultural Preserve and the Ha'iku Valley Cultural Preserve Commission may provide an effective mechanism for preserving these resources.

However, your Committee has concerns with several important provisions relating to the measure and believes that further clarification is needed. Your Committee understands that Ha'iku Valley generally includes several landowners, including the Department of Hawaiian Home Lands. Your Committee believes that this measure ultimately needs to include precise boundaries for the lands to be included in the Ha'iku Valley Cultural Preserve and also needs to address potential impacts that the establishment of the preserve may have on other landowners in the valley.

Furthermore, your Committee notes that the measure limits future activities in the Ha'iku Valley Cultural Preserve, including a prohibition on commercial activities. However, section -7 allows the Ha'iku Valley Cultural Preserve Commission to adopt rules that permit farming activities in the preserve. Your Committee believes that more clarity is needed on the impact on farming in the preserve as a commercial activity.

Upon further consideration, your Committee finds that key provisions of this measure deserve further clarity and discussion as the bill moves forward. Accordingly, your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 2050, to facilitate further discussion on this measure; and
- (2) Making technical nonsubstantive amendments for the 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. 2727, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2727, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 10. Noes, 1 (Hemmings). Excused, 1 (Inouye).

SCRep. 2749 Ways and Means on S.B. No. 2423

The purpose of this measure is to direct the State to acquire Turtle Bay.

Specifically, the measure authorizes the Department of Land and Natural Resources or any other appropriate entity of the State to acquire lands situated in central Oahu owned by Kuilima Resort Company, Oaktree Capital, LLC, and their successor in interest, commonly known as Turtle Bay Hotel and Resort, located in Kahuku, Oahu. Additionally, the measure authorizes the issuance of an unspecified amount of general obligation bonds to purchase the property.

Your Committee received testimony in support of the measure from Trust for Public Land, Surfrider Foundation, and thirty-three individuals.

Your Committee finds that this measure is necessary to protect and preserve lands that are of historic and cultural value to the State.

Your Committee has amended this measure by:

- (1) Redesignating the Governor, or the Governor's designee, as the entity to acquire the lands;
- (2) Identifying the Department of Land and Natural Resources as the expending agency for the general obligation bond appropriation;
- (3) Changing the effective date to July 1, 2050 to promote continued discussion of the matter; 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 Ways and Means 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 Chair on behalf of the Committee. Ayes, 11. Ayes with Reservations, 3 (Fukunaga, Kim, Menor). Noes, none. Excused, 1 (Inouye).

SCRep. 2750 Ways and Means on S.B. No. 2191

The purpose of this measure is to conduct a statewide study on undergrounding overhead utility lines.

Specifically, this measure directs the Public Utilities Commission to conduct a statewide study to select one priority region in each county with overhead utility lines that are prone to repeated falling or damage due to weather and other occurrences, and which may be addressed with the undergrounding of utility lines. In consultation with public utility providers and the community, the Commission shall develop a plan to underground overhead utility lines in those areas. This measure also appropriates an unspecified amount from the public utilities commission special fund for the study and planning.

Testimony in support of this measure was submitted by Hawaiian Electric Company, Inc. Comments on this measure were submitted by the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs.

Your Committee finds that severe weather and storm damage repeatedly result in downed utility lines, damaged utility poles, and extended power outages in several vulnerable areas of the State. Your Committee finds that it would be beneficial to identify those areas that are most in need and which will be helped most by underground utility lines. Your Committee believes that a fiscally and logistically sound strategy would be to identify one such area in each county and develop a plan for undergrounding overhead utility lines in that area, in consultation with the local utility provider and the community.

Upon further consideration, your Committee has amended this measure by making technical nonsubstantive amendments for the 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. 2191, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2191, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Hooser).

SCRep. 2751 Ways and Means on S.B. No. 2154

The purpose of this measure is to create a pilot community conservation program for the Lahaina and Kaanapali areas of Maui.

Specifically, this measure establishes a five year pilot community conservation program within the Department of Land and Natural Resources Division of Conservation and Resources Enforcement, Maui district office. The program will provide training to volunteers,

and education, and outreach in the community on natural resources laws, regulations, and enforcement. The measure also authorizes the Maui district office to hire ten full-time equivalent employees to staff the pilot program, and appropriates funds for the program.

Testimony in support of this measure was submitted by The Nature Conservancy, Maui Unite, Octopus Garden Divers, and eleven concerned individuals. Comments on this measure were submitted by the Department of Land and Natural Resources.

Your Committee finds that the management and protection of the State's natural and cultural resources may be assisted through the formation of partnerships between communities and the Department of Land and Natural Resources. Your Committee further finds that a community conservation program will empower the community through education on natural resource protection laws, increase community participation in conservation, and reduce the number of resource violations.

Upon consideration, your Committee finds that the pilot community conservation program in the Department of Land and Natural Resources Division of Conservation and Resources Enforcement, Maui district office, should focus on education and conservation efforts related to near-shore and marine resources.

Accordingly, your Committee has amended this measure by:

- (1) Making amendments throughout to specify that the work of the pilot program will relate to near-shore and marine resources;
- (2) Adding a definition of the term "ahupuaa";
- (3) Deleting references to sustainably managing cultural resources as a role of the pilot program;
- (4) Specifying that the appropriation may be used for the hiring of additional staff for the pilot program;
- (5) Replacing the amount of the appropriation with an unspecified amount to facilitate further discussion on this measure; and
- (6) Making technical nonsubstantive amendments for the 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. 2154, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2154, S.D. 1.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Inouye).

SCRep. 2752 Ways and Means on S.B. No. 1368

The purpose of this measure is to ensure effective timing of development on planned or approved urban or rural land classification.

More specifically, this measure requires the Land Use Commission to establish a "use-it-or-lose-it policy" under which a petition must include and meet deadlines for substantial development progress in order to be approved for reclassification to the urban or rural district. Additionally, the measure requires the Land Use Commission to hold statewide hearings to receive public input in developing this policy and to submit a report of the recommendations to the Legislature and the Governor.

The Office of Planning submitted testimony in support of this measure. The City and County of Honolulu submitted comments.

Your Committee finds that there are instances where lands that have been reclassified by the Land Use Commission to the urban or rural district remain undeveloped for many years after the reclassification. During this time, circumstances may have changed in a manner that significantly impacts the original development proposal and therefore warrants review of the reclassification. Your Committee further finds that this measure will help reduce premature reclassifications and curb speculative land banking.

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

- (1) Changing the appropriation to an unspecified amount; and
- (2) Making technical nonsubstantive amendments 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. 1368, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1368, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Inouye).

SCRep. 2753 Ways and Means on S.B. No. 2879

The purpose of this measure is to:

- (1) Establish a power of attorney for special education;
- (2) Establish a process to appoint a surrogate decision maker for an adult or emancipated minor who lacks capacity; and
- (3) Clarify the authority of a guardian of an adult or emancipated minor student.

The State Council on Developmental Disabilities, Special Education Advisory Council, Hawaii Disability Rights Center, Community Workgroup, and Family Voices of Hawaii submitted testimony in support of this measure. The Department of Education submitted testimony in opposition to this measure. The Judiciary submitted comments.

When a special education student reaches age eighteen, the presumption is that the student is now capable of making decisions in the student's own educational interest without the consent of either parent. Parents who need or want to continue to participate and provide input in the special educational needs of their adult or emancipated minor children because those children lack capacity are forced to petition the court for guardianship.

This measure attempts to establish a less restrictive alternative to guardianship that balances the continued participation of parents in the special education process with the rights of adult and emancipated minor students. This measure is in response to, in part, the cost and complexity of existing guardianship proceedings.

Your Committee finds that there is a need for a mechanism that includes parents in the special education process without unduly constraining the autonomy of adults or emancipated minors with special education needs.

The proponents of this measure recognize that there are areas of concern that need to be addressed and are actively working to resolve them. Therefore, your Committee has left the effective date of July 1, 2050 in the measure to encourage further discussion. In addition, your Committee has amended this measure by:

- (1) Deleting the appropriation; and
- (2) Making technical, nonsubstantive amendments for 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. 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 Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Inouye).

SCRep. 2754 Ways and Means on S.B. No. 3250

The purpose of this measure is to require the University of Hawaii to develop an incentive and performance outcome funding component for the University's long-range financial plan.

In addition, the measure requires the University to submit to the Legislature an annual incentive and performance report, beginning in 2008.

Your Committee received testimony in support of this measure from the University of Hawaii.

Your Committee finds that the University of Hawaii should be accountable for its funds in a manner that is consistent across university campuses and measurable with respect to fiscal allocations pursuant to:

- (1) Senate Concurrent Resolution No. 79, (2007), that requested the University to link the funding for university campuses with performance goals and to develop a budgeting system that reflects achievements, challenges, and needs; and
- (2) Senate Concurrent Resolution No. 137, (2007) that requested the University of Hawaii to develop a long-term financial plan.

The University of Hawaii recently reexamined and updated its strategic plan for the next eight years and is ready to develop a financial plan to reach its strategic goals by developing an educational compact that would clearly link funding with specific goals and performance measures.

This measure requires the University to develop an incentive and performance outcome funding component for the financial plan by:

- (1) Increasing the legislative and public support for higher education;
- (2) Allocating funds through a dual approach of incentives and performance-based funding;
- (3) Monitoring the general condition of the University system;
- (4) Identifying potential sources of problems or areas for improvement;
- (5) Improving the effectiveness and efficiency of colleges within the University system;
- (6) Focusing college, campus, department, and university efforts on state priorities and goals;
- (7) Assessing progress on state priorities and goals to improve graduate and undergraduate education; and
- (8) Improving consumer information on higher education.

Your Committee has amended the measure by:

- (1) Rephrasing the provision "The purpose of the annual incentive and performance report is to assist the legislature in appropriating 'approximately two per cent' of the University of Hawaii's annual budget..." to "appropriating 'up to two per cent'..."; and
- (2) Making technical amendments 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. 3250, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3250, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Hooser).

SCRep. 2755 Ways and Means on S.B. No. 2860

The purpose of this measure is to establish a science and technology task force, attached to the University of Hawaii, to develop a state master plan for science and technology.

Additionally, this measure requires the task force to complete a preliminary plan and report prior to the convening of the Regular Session of 2009, and to submit updated reports every two years thereafter.

Testimony in support of the measure was received from the University of Hawaii system, the Board of Education, and the Hawaii Science and Technology Council. Comments on the measure were submitted by the High Technology Development Corporation.

Your Committee finds that a well-conceived master plan will provide direction for the State in making programmatic and fiscal decisions related to the growing technology industry.

Your Committee has amended the findings section of this measure by correcting an error relating to the duration of the grant award. Your Committee 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 Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2860, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2860, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 9. Noes, none. Excused, 3 (Hooser, Tsutsui, Whalen).

SCRep. 2756 Ways and Means on S.B. No. 2668

The purpose of this measure is to:

- (1) Require the submission of candidates' names for the Regents Candidate Advisory Council within sixty days following the notification of a vacancy;
- (2) Clarify the requirement of the submission of the names of the candidates to the Governor;
- (3) Make confidential all information received or maintained by the Regents Candidate Advisory Council;
- (4) Require candidates to reside in the geographic area that each candidate represents;
- (5) Require the Governor to notify the Regents Candidate Advisory Council of vacancies on the Board of Regents in a timely manner; and
- (6) Appropriate funds for an administrative position to support the operations of the Regents Candidate Advisory Council.

The Regents Candidate Advisory Council submitted testimony in support of this measure.

Your Committee finds that this measure amends the law relating to the Regents Candidate Advisory Council for the Board of Regents of the University of Hawaii to conform with the recent amendment of article X, section 6 of the Hawaii State Constitution.

Upon further consideration, your Committee has amended this measure by replacing the sum of the appropriation with an unspecified amount.

As affirmed by the record of votes of the members 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. 2668, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2668, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Hooser).

SCRep. 2757 Ways and Means on S.B. No. 2164

The purpose of this measure is to establish the Hawaii charter schools facilities fund to fund the repair, maintenance, and other facilities needs of charter schools.

More specifically, the measure establishes the Hawaii charter schools facilities fund as a separate fund of the Charter School Administrative Office, and it establishes a Hawaii Charter School Facilities Fund Advisory Board to manage the fund. The measure appropriates \$2,500,000 to this new special fund for fiscal year 2008-2009.

Testimony in support of the measure was received from the West Hawaii Explorations Academy, Kanu o ka Aina Learning Ohana, Kookakoo Corporation, and Halau Ku Mana Public Charter School. Testimony opposing the measure was received from the Department of Budget and Finance. Kamehameha Schools submitted comments.

Your Committee finds that charter schools provide an alternative learning experience for students and families, so it is fitting that funding for charter school operations, including facilities, be accomplished using creative, alternative approaches. Your Committee further finds that the Hawaii charter schools facilities fund is modeled after the Hawaii 3R's program, which has enjoyed great success in its use of private financial and human resources.

Your Committee has amended the measure by:

- (1) Placing the Hawaii charter schools facilities fund in the state treasury, rather than Kanu o ka Aina Learning Ohana;
- (2) Specifying that the Charter School Administrative Office shall administer the Hawaii charter schools facilities fund;
- (2) Clarifying that the fund can receive grants and private donations, in addition to public funds, and that all moneys in the fund shall be used only for the purposes for which the fund was established;
- (3) Exempting the fund from the central services assessment and the pro rata share of administrative expenses; and
- (4) Deleting the specific amount appropriated to the fund; and
- (5) Making necessary conforming 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. 2164, S.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2164, S.D. 3.

Signed by the Chair on behalf of the Committee. Ayes, 10. Noes, none. Excused, 2 (Fukunaga, Hooser).

SCRep. 2758 Ways and Means on S.B. No. 2546

The purpose of this measure is to make clarifying amendments to laws relating to the offender reentry system.

Specifically, these amendments clarify the levels and composition of interagency cooperation and the duties of the Director of Public Safety.

Your Committee received testimony in support of the measure from the Drug Policy Forum of Hawaii, the Community Alliance on Prisons, and a concerned citizen. Testimony in opposition to the measure was received from the Department of Taxation. Comments on the measure were received from the Department of Human Services, Maui Economic Opportunity's BEST Reintegration Program, and a concerned citizen.

Your Committee finds that the offender reentry system assists adult offenders with their reintegration back into society and offers a full continuum of services that are accessible during and immediately after their incarceration.

Your Committee has amended this measure by deleting an amendment that would have reversed the roles of principal and secondary executive departments charged with proposing tax incentives for employers who hire ex-offenders. Your Committee believes that the Department of Public Safety should continue to be the lead agency with assistance of others. Your Committee 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 Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2546, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2546, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Hooser).

SCRep. 2759 Ways and Means on S.B. No. 2710

The purpose of this measure is to authorize the counties to employ retired state or county government employees who are receiving retirement benefits under the Employees' Retirement System.

Additionally, this measure specifies that the retirees rehired by the counties will not earn additional retirement service credit or be required to contribute to the Employees' Retirement System.

Your Committee received testimony in support of this measure from the Judiciary, the Honolulu Fire Department, the County of Hawaii Department of Human Resources, the County of Maui Department of Personnel Services, and the Hawaii Government Employees Association. Comments on the measure were received from the Employees' Retirement System and the Mayor of the County of Hawaii.

Your Committee finds that this measure will enable retired state and county government employees to return to work as county government employees without incurring any negative financial consequences. This measure will also enable the county governments to hire skilled and qualified employees for labor shortage positions and for other positions that are deemed critical-to-fill.

Your Committee has amended this measure by:

- (1) Clarifying qualifying retirants to include retirants returning to a position of at least one-half of a full-time equivalent position; and
- (2) Making technical amendments recommended by 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. 2710, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2710, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Hooser).

SCRep. 2760 (Majority) Ways and Means on S.B. No. 3227

The purpose of this measure is to expand the authority of the Aloha Tower Development Corporation to assist in the development of the statewide harbors modernization plan.

This measure also authorizes the Department of Transportation to issue revenue bonds to finance harbor improvements and transfers the Hana harbor, excluding its small boat ramp facility, from the Department of Land and Natural Resources to the Department of Transportation.

Your Committee received testimony in support of this measure from the Department of Transportation, Aloha Tower Development Corporation, Hawaii Harbors Users Group, Chamber of Commerce of Hawaii, and Retail Merchants of Hawaii. The Department of Planning and Permitting of the City and County of Honolulu offered comments.

Upon further consideration, your Committee has amended this measure by making various technical nonsubstantive amendments for the 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. 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 Chair on behalf of the Committee. Ayes, 11. Ayes with Reservations, 3 (Hooser, Tsutsui, Whalen). Noes, 1 (Kim). Excused, none.

SCRep. 2761 Ways and Means on S.B. No. 3258

The purpose of this measure is to establish guidelines for Medicaid reimbursement to hospitals for patients who are waitlisted for long term care and to long term care facilities for patients with medically complex conditions who were previously receiving acute care services in an acute hospital.

Additionally, this measure appropriates funds for Medicaid reimbursements to hospitals and nursing facilities.

Your Committee received testimony in support of this measure from the Policy Advisory Board for Elder Affairs, Hawaii Disability Rights Center, Healthcare Association of Hawaii, Hawaii Long Term Care Association, and The Queen's Medical Center. Testimony in opposition to the measure was received from the Department of Human Services.

Your Committee finds that adjustment to Medicaid payments will improve the flow of patients from acute hospitals to facilities with long term care beds and will alleviate the waitlist backlog that patients are facing.

Your Committee has amended this measure by adopting the recommendations suggested by Healthcare Association of Hawaii by:

- (1) Recasting the section of the measure on Medicaid reimbursements as a new section to be added to chapter 346, Hawaii Revised Statutes (the Department of Human Services law), and adding clarifying language, such as replacing the term "long term care facilities" with the term "facilities with long term care beds";
- (2) Expanding the appropriation for Medicaid reimbursements to hospitals to include facilities with long term care beds, deleting reference to waitlisted patients and the payment rate, and changing the appropriation to an unspecified amount; and
- (3) Deleting the appropriation for Medicaid payments to nursing facilities as duplicative with the foregoing 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. 3258, S.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3258, S.D. 3.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Inouye).

SCRep. 2762 Ways and Means on S.B. No. 2214

The purpose of this measure is to increase efforts to allow education and training as one of the pathways to economic self-sufficiency for recipients of federal assistance.

Specifically, this measure modifies the eligibility requirements of and expands the Bridge to Hope program to enable all heads of households who are participating in the First-to-Work program to pursue a full range of educational activities as part of their work activities.

Your Committee received testimony in support of this measure from the Department of Human Services, University of Hawaii, University of Hawaii Bridge to Hope, Legal Aid Society of Hawaii, Hawaii Women Work!, National Association of Social Workers, and thirteen individuals.

Upon further consideration, your Committee amended this measure to clarify the reference to the current statute pursuant to which the Department of Human Services has expanded education policy for First-to-Work participants as section 346-68, Hawaii Revised Statutes. Your Committee 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 Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2214, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2214, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Hooser).

SCRep. 2763 Ways and Means on S.B. No. 2246

The purpose of this measure is to:

- (1) Extend the timeframe in which a former foster youth may apply for a higher education board allowance;
- (2) Provide a foster youth, who is between twenty-two and twenty-six years of age as of July 1, 2008, and who is already attending a higher education institution, with an opportunity to apply for a higher education board allowance within one-year;
- (3) Increase the maximum age for the benefit; and
- (4) Set a maximum benefit length of sixty months.

The Department of Human Services; Legal Aid Society of Hawaii; Hawaii Foster Parents Association; Hawaii Youth Services Network; Hawaii Catholic Charities, Hawaii Family Forum; and Children's Alliance of Hawaii, Inc. submitted testimony in support of this measure.

Your Committee finds that compared to the general population, former foster youth have a higher risk of becoming homeless, incarcerated, involved in violence, or of reentering "the system" as parents of abused or neglected children. Higher education board

allowances have been helpful in assisting foster youth to successfully transition into the community. Your Committee finds that this measure will help former foster youth become healthier, more productive adults.

Upon further consideration, your Committee has amended this measure by making technical, nonsubstantive amendments for 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. 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 Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Hooser).

SCRep. 2764 Ways and Means on S.B. No. 2397

The purpose of this measure is to authorize the issuance of special purpose revenue bonds to assist Castle Medical Center and its affiliates with equipment purchases and for the construction and improvement of health care facilities.

Your Committee received testimony in support of this measure from Healthcare Association of Hawaii and the governing board, the president and chief executive officer, and staff of the Castle Medical Center.

Your Committee finds that this measure will ensure the continued provision of quality health care services at Castle Medical Center.

Your Committee has amended this measure by specifying a bond authorization amount of \$30,000,000 and by changing the effective date to July 1, 2050 to promote continued discussion of the 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. 2397, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2397, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 8. Noes, none. Excused, 4 (Hooser, Tokuda, Tsutsui, Whalen).

SCRep. 2765 Ways and Means on S.B. No. 2151

The purpose of this measure is to expand the long-term care ombudsman program by adding three county ombudsman positions, and by appropriating funds for those positions.

Specifically, this measure establishes one local ombudsman position in each of the counties of Hawaii, Maui, and Kauai within the Office of the Long-Term Care Ombudsman to work under the supervision of the Long-Term Care Ombudsman in achieving the goals of the program as mandated by the United States Administration on Aging through the Older Americans Act.

Your Committee received testimony in support of this measure from the Hawaii Government Employees Association, Hawaii Disability Rights Center, National Association of Social Workers, Policy Advisory Board for Elder Affairs, and the Kokua Council. The Executive Office on Aging and the State Long-Term Care Ombudsman offered comments.

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

- (1) Adding five sections to the measure to make amendments to various provisions of the Hawaii Revised Statutes to conform to the change in the title of the Long-Term Care Ombudsman to the State Long-Term Care Ombudsman;
- (2) Adding a provision for the State Long-Term Care Ombudsman, with the approval of the Executive Office on Aging, to appoint the three local long-term care ombudsmen;
- (3) Making a conforming amendment to section 349-22(c), Hawaii Revised Statutes, relating to repeal of the requirement that written consent of the resident or the resident's representative is required to disclose resident records;
- (4) Correcting language in the measure that differed from the printed version of the Hawaii Revised Statutes;
- (5) Adding a requirement to provide contact information for local long-term care ombudsmen to long-term care facilities; and
- (6) Making technical, nonsubstantive amendments for the 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. 2151, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2151, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Hooser).

SCRep. 2766 Ways and Means on S.B. No. 2273

The purpose of this measure is to expand the income tax credit for motion picture and film production.

Specifically, this measure authorizes an additional five per cent tax credit for qualified production costs in any county, provided that the qualified production meets certain requirements relating to the employment, wages, and training of Hawaii residents.

Additionally, this measure authorizes the Department of Labor and Industrial Relations to implement and operate motion picture, digital media, and film production training programs. This measure specifies that funds from the employment and training fund may be used to support the programs but that the Director of Labor and Industrial Relations may not require employers in general to make contributions to the fund for those programs. Furthermore, this measure appropriates funds to the Department of Labor and Industrial Relations for development and implementation of training programs and the Department of Business, Economic Development, and Tourism for training approval and certification by the film industry branch.

Your Committee received testimony in support of this measure from a concerned citizen. Testimony in opposition to this measure was received from the Department of Business, Economic Development, and Tourism, the Department of Labor and Industrial Relations, and the Hawaii Film and Entertainment Board. Comments on the measure were received from the Department of Taxation and the Tax Foundation of Hawaii.

Your Committee finds that the additional tax credits created under this measure will promote the local growth of the motion picture and film production industry and increase and diversify employment opportunities for Hawaii residents.

Your Committee has amended this measure by specifying use of the industry standard to calculate the employee's minimum base rate of \$200 per day and making technical, nonsubstantive amendments for 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. 2273, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2273, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Ayes with Reservations, 1 (Kim). Noes, none. Excused, 1 (Inouye).

SCRep. 2767 Ways and Means on S.B. No. 2153

The purpose of this measure is to provide a one-time mandatory income tax credit pursuant to article VII, section 6, of the Hawaii State Constitution.

Your Committee received comments on this measure from the Department of Taxation and the Tax Foundation of Hawaii.

Your Committee finds that the State is required to issue a mandatory tax credit when the balance of the general fund at the close of each of two successive fiscal years has exceeded five per cent of the general fund revenues for both fiscal years. The tax credit amount under this measure follows a sliding scale based on the adjusted gross income of a taxpayer.

Your Committee has amended the measure by changing the effective date to July 1, 2050 to promote further 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. 2153, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2153, S.D. 1.

Signed by the Chair on behalf of the Committee. Ayes, 10. Noes, none. Excused, 2 (English, Inouye).

SCRep. 2768 Ways and Means on S.B. No. 2082

The purpose of this measure is to:

- (1) Require the Department of Public Safety to develop a plan by January 1, 2009, to return as many of the female prisoners who are residents of Hawaii and incarcerated on the mainland as possible to Hawaii by July 1, 2009; and
- (2) Appropriate funds for this purpose.

The Maui Economic Opportunity's BEST Reintegration Program, Drug Policy Forum of Hawaii, Hawaii Youth Services Network, Community Alliance on Prisons, and two individuals submitted testimony in support of this measure. The Department of Public Safety submitted comments.

Approximately one hundred seventy-five female prisoners, who are residents of Hawaii, are incarcerated in mainland prisons. Many of these female prisoners are parents. Studies indicate that the risks to which children of incarcerated parents are exposed are even greater when geographical separation limits or precludes the children's regular visitation with their incarcerated parents. Your Committee finds that the expiration of the current contract for incarcerating female prisoners on the mainland in October 2008, provides an opportunity to develop a plan for housing and rehabilitating female prisoners here in Hawaii. This measure requires the Department of Public Safety to develop a plan by January 1, 2009, to return as many of these female prisoners as possible by July 1, 2009.

Upon further consideration, your Committee has amended this measure by making technical nonsubstantive amendments for 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. 2082, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2082, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Hooser).

SCRep. 2769 Ways and Means on S.B. No. 2913

The purpose of this measure is to exempt from the general excise and use taxes fuel sold from a foreign trade zone that is used by common carriers for interisland air transportation.

Your Committee received testimony in support of this measure from the Hawaii Chapter of the March of Dimes, Aloha Airlines, the Transport Workers Union, the Aloha Airlines Pilots' Union, the International Association of Machinists and Aerospace Workers, District 141, and the Association of Flight Attendants. The Governor's Tourism Liaison submitted testimony in opposition. Your Committee received comments on the measure from the Tax Foundation of Hawaii.

Your Committee finds that the sale of fuel sold from a foreign-trade zone for use by carriers traveling out-of-state is exempt from general excise and use taxes. However, carriers traveling interisland routes are not exempt.

This measure levels the playing field for interisland carriers by extending the tax exemption enjoyed by carriers traveling out-of-state to carriers traveling interisland.

Your Committee has amended the measure by:

- (1) Correcting underlying statutory language to reflect the printed version of the Hawaii Revised Statutes at page 2, line 14;
- (2) Clarifying the definition of “interisland air transportation”;
- (3) Clarifying references to the tax exemption in appropriate general excise tax and use tax laws; and
- (4) Making technical amendments 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. 2913, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2913, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 12. Noes, none. Excused, none.

SCRep. 2770 Ways and Means on S.B. No. 2083

The purpose of this measure is to improve the operation and effectiveness of the State Council for Interstate Adult Offender Supervision. More specifically, this measure:

- (1) Increases the membership of the State Council for Interstate Adult Offender Supervision;
- (2) Authorizes the Judiciary to assess a fee on parolees’ and probationers’ prison transfer applications; and
- (3) Establishes and provides funding for one full-time coordinator position under the Judiciary, to help carry out the duties of the interstate compact for the supervision of adult offenders.

The Hawaii Paroling Authority and the Judiciary submitted testimony in support of this measure.

The State Council oversees Hawaii’s participation in the Interstate Commission for Adult Offender Supervision, which is the national governing body for the movement of probation and parole offenders throughout the United States. Your Committee finds that this measure will assist in the oversight of interstate transfers by increasing the state council’s membership to include the Attorney General, Public Defender, and Honolulu Prosecuting Attorney, or their designees.

Testimony indicates that the Judiciary already imposes a probation services fee for each application made by a parolee or probationer for a transfer to the State. In consideration of this, your Committee has amended this measure by:

- (1) Clarifying that the interstate transfer fee applies to applications made by a parolee or probationer for a transfer out of the State; and
- (2) Making technical, nonsubstantive amendments for 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. 2083, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2083, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Hooser).

SCRep. 2771 Ways and Means on S.B. No. 3185

The purpose of this measure is to provide funds for cervical cancer and breast cancer screening, education, and outreach.

Specifically, this measure would expand the Breast and Cervical Cancer Treatment Program under the Department of Human Services into the Breast and Cervical Cancer Comprehensive Cancer Control Program in cooperation with the Department of Health. The program would provide screening, education, and outreach services without regard to a patient’s eligibility for medicaid. The expanded role of the program would require the Department of Health to:

- (1) Screen for breast and cervical cancer;
- (2) Provide education on breast and cervical cancer risks; and
- (3) Provide outreach for women who are at risk for breast and cervical cancer.

Furthermore, the measure directs that \$150,000 of the funds appropriated to the Department of Human Services for the breast and cervical cancer comprehensive cancer control program be directed to the Department of Health to provide funding for screening, education, and outreach services.

Testimony in support of this measure was submitted by the American Cancer Society. The Department of Health and the Department of Human Services submitted comments.

Your Committee finds that measure will provide necessary and effective breast and cervical cancer screening, education, and outreach services for women who are not otherwise able to afford early detection services due to insurance status or financial barriers.

Upon further consideration, your Committee has amended this measure as follows by:

- (1) Renaming the program the “Comprehensive Breast and Cervical Cancer Control Program”;

- (2) Clarifying the responsibilities of the Department of Health in supporting the breast and cervical cancer screening, education, and outreach process; and
- (3) 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 Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3185, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3185, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 12. Noes, none. Excused, none.

SCRep. 2772 Ways and Means on S.B. No. 2840

The purpose of this measure is to require the Department of Business, Economic Development, and Tourism to establish and update a self-sufficiency standard for the State.

More specifically, the measure directs the Department to establish a methodology that truly reflects the cost of living in Hawaii. In turn, such a tool could be used by public, private, and non-profit decision-makers in their efforts to help lower income families reach economic self-sufficiency.

Testimony in support of this measure was submitted by the Hawaii Alliance for Community-Based Economic Development, the Legal Aid Society of Hawaii, the National Association of Social Workers, and Hawaii Women Work! Testimony supporting the intent of the measure was submitted by the Department of Business, Economic Development, and Tourism and the Department of Human Services.

Your Committee has amended this measure to clarify that the self-sufficiency standard shall be updated biennially, or every two years. The measure is further amended to require the Department of Business, Economic Development, and Tourism to report biennially to the Legislature regarding the self-sufficiency standard. Other technical, nonsubstantive amendments have been made for the purpose of style 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. 2840, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2840, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 12. Noes, none. Excused, none.

SCRep. 2773 Ways and Means on S.B. No. 2026

The purpose of this measure is to exempt:

- (1) The offer or sale of a time share interest from the Time Sharing Plans Law if the offer or sale is for an additional interest in the same time share plan to an existing owner; and
- (2) From registration, a time share developer or an affiliated entity under common ownership if the time share interest being sold is in a time share plan located outside of Hawaii and the purchaser is an individual who currently owns a time share interest that was purchased from that developer or affiliated entity.

Wyndham Worldwide, Group RCI, American Resort Development Association, and Marriott International, Inc. submitted testimony in support of this measure. The Department of Commerce and Consumer Affairs submitted comments.

Your Committee finds that state law does not permit the sale of an additional interest in a time share plan to an existing customer in Hawaii when the time share plan is not registered in Hawaii. This measure balances a Hawaii entity's desire to sell additional interests to their existing owners without having to satisfy all of the state registration requirements against the need to ensure that consumer safeguard measures are in place. This will assist the time share industry to expand and provide greater tourism offerings in Hawaii.

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

- (1) Replacing references in the bill to "the department" with references to "the director" to conform with the term used in the Time Share Plans Law, chapter 514E, Hawaii Revised Statutes; and
- (2) Making technical nonsubstantive amendments for 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. 2026, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2026, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Hooser).

SCRep. 2774 Ways and Means on S.B. No. 2315

The purpose of this measure is to designate a reciprocal insurer and its attorney-in-fact as a single entity.

The measure also exempts reciprocal insurers and their attorney-in-fact from the general excise tax and clarifies that the general excise tax exemption applies to insurers and not insurance companies.

The Department of Commerce and Consumer Affairs and Medical Insurance Exchange of California submitted testimony in support of this measure. The Department of Taxation and Tax Foundation of Hawaii submitted comments.

A reciprocal insurer is an insurance company that provides insurance through unincorporated associations of individuals, partnerships, or corporations called "subscribers" and is owned by its policyholders. The reciprocal insurer operates through an attorney-in-fact that is common to all subscribers.

While the reciprocal insurer and attorney-in-fact are virtually indistinguishable, both are subject to the general excise tax. This measure clarifies that the reciprocal insurer and its attorney-in-fact are a single entity, and except for the general excise tax, is subject to all taxes imposed upon corporations or others doing business in the State, except for taxes on income or gross receipts derived from its principal business as attorney-in-fact.

Your Committee finds that this measure will resolve an inequity in the current application of state tax law and will have a positive effect on the premium rates paid by reciprocal insurer subscribers, many of whom are private physicians.

Upon further consideration, your Committee has amended this measure by making technical, nonsubstantive amendments for 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. 2315, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2315, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Hooser).

SCRep. 2775 Ways and Means on S.B. No. 2783

The purpose of this measure is to include earthquake resistive devices in the state loss mitigation grant program.

The measure also requires the Insurance Commissioner to develop criteria for earthquake resistive devices and appropriates funds to the loss mitigation grant fund.

Your Committee received testimony in support of this measure from the Research Corporation of the University of Hawaii, the Simpson Strong-Tie Company, and the Hawaii Lumber Products Association. Your Committee received testimony in opposition to this measure from the Department of Commerce and Consumer Affairs and the Hawaii Association of Realtors. Hawaii Security Shutters submitted comments on this measure.

Your Committee finds that as more and more residents decide against purchasing disaster-related insurance coverage, the importance of loss mitigation increases. Expanding the state loss mitigation grant program to include earthquake resistive devices will provide needed incentives for homeowners to protect against the devastation of natural disasters.

Your Committee has amended the measure by:

- (1) Increasing the grant reimbursement percentage for wind and earthquake devices to fifty per cent;
- (2) Increasing the individual grant limit to \$5,000 for wind and earthquake devices;
- (3) Requiring the Insurance Division of the Department of Commerce and Consumer Affairs to develop a loss mitigation public awareness campaign and providing funding;
- (4) Appropriating funds for a testing facility to test safe room designs and other wind resistant devices;
- (5) Extending the loss mitigation grant program for three years;
- (6) Authorizing the Insurance Commissioner to determine standards for earthquake and wind resistive installation procedures and engineering content; and
- (7) Making technical nonsubstantive amendments for 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. 2783, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2783, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Hooser).

SCRep. 2776 Ways and Means on S.B. No. 2467

The purpose of this measure is to establish a new class of loans that the Department of Agriculture may offer to farmers and aquaculturists.

Specifically, this measure creates a class of (class "H") loans relating to sustainable projects, which are intended to improve operations viability.

Your Committee received testimony in support of this measure from the Department of Agriculture, the Hawaii Aquaculture Association, and the Hawaiian Electric Company.

Your Committee finds that establishing this new class of loans will assist the Department in encouraging the growth, development, and well-being of the agriculture and aquaculture industries in the State.

Your Committee has amended this measure by making conforming amendments 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 Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2467, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2467, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 12. Noes, none. Excused, none.

SCRep. 2777 Ways and Means on S.B. No. 3073

The purpose of this measure is to allow certain Department of Health environmental programs to withhold sufficient moneys to cover the cost of electronic and credit card provider services when conducting business electronically.

Specifically, this measure allows certain programs of the Department of Health that collect fees for the issuance of permits, licenses, certificates, or similar approvals to first deduct any electronic and credit card processing fees or charges made pursuant to agreements between the Department and the electronic services and credit card services providers when the application or payment is made electronically.

Your Committee did not receive any testimony on this measure.

Upon further consideration, your Committee has amended this measure to clarify the title of the new section to be added to the Hawaii Revised Statutes by replacing the word “permits” with the phrase “applications and payments” to more appropriately encompass the true nature of the new provisions relating to the processing of electronic payments for the issuance of permits, licenses, certificates, and similar approvals, and to keep the contents within the narrow title drafted by the administration. Your Committee has also made technical, nonsubstantive amendments for the 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. 3073, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3073, S.D. 1.

Signed by the Chair on behalf of the Committee. Ayes, 12. Noes, none. Excused, none.

SCRep. 2778 (Majority) Ways and Means on S.B. No. 2764

The purpose of this measure is to repeal the qualifying capacity limits provision of the ethanol facility tax credit.

The measure also provides a vehicle to change the total amount of ethanol facility tax credits allowed per year and repeals the sunset provision with respect to the total annual nameplate capacity for qualifying ethanol production facilities.

Your Committee received testimony in support of the measure from Alexander and Baldwin Company. Your Committee received comments on the measure from the Department of Business, Economic Development, and Tourism, the Department of Taxation, and the Tax Foundation of Hawaii.

Your Committee finds that since April 2, 2006, at least eighty-five per cent of Hawaii’s gasoline has been E-10 unleaded, which means gasoline containing ten per cent ethanol. Unfortunately, since there is no ethanol produced in Hawaii, the State imports \$96,000,000 worth of ethanol from foreign markets to meet the E-10 requirement.

This measure represents an opportunity for the State not only to invest in and capitalize on the E-10 gas requirement, but also to reduce its dependence on fossil fuels and establish Hawaii as a green, energy efficient state.

Your Committee has amended the measure by removing the blank amounts representing the total ethanol facility tax credits allowed per year. By retaining the \$12,000,000 limit on tax credits, the State will be able to quantify the cost of the tax credit and better manage the new ethanol production 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 is in accord with the intent and purpose of S.B. No. 2764, S.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2764, S.D. 3.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, 1 (Hemmings). Excused, none.

SCRep. 2779 Ways and Means on S.B. No. 2455

The purpose of this measure is to expand the renewable energy systems tax credit to include hydrogen energy systems.

Specifically, this measure allows an income tax credit for the installation and placement into use a hydrogen energy system on a property within the State and defines the term “hydrogen energy system”. The tax credit will apply to taxable years beginning after December 31, 2007. The measure authorizes tax credits of:

- (1) Thirty-five per cent of the actual cost or \$5,000 per unit for single-family residential properties, whichever is less;
- (2) Thirty-five per cent of the actual cost or \$10,000 per unit for multi-family residential properties, whichever is less; and
- (3) Thirty-five per cent of the actual cost or \$15,000 per unit for commercial properties, whichever is less.

Testimony in support of this measure was submitted by H2 Technologies, Inc., IdaTech, PLC, Kona Brewing Company, Plug Power, Inc., the National Hydrogen Association, and one concerned individual. Comments on this measure were submitted by the Department of Taxation, the Department of Business, Economic Development, and Tourism, and the Tax Foundation of Hawaii.

Your Committee finds that commercial hydrogen energy technology is an evolving means of achieving a preferred energy future for the State. The hydrogen and full cell technology have the potential to gain widespread use in Hawaii and provide an alternative source of renewable energy for electricity generation and transportation. Your Committee believes that the use of these technology applications should be encouraged through tax incentives that offset some of the costs to users.

Upon further consideration, your Committee has amended this measure by amending the definition of “hydrogen energy systems” to include equipment that produces or uses hydrogen in an electrochemical process to generate energy, electricity, or the transfer of heat.

As affirmed by the record of votes of the members 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. 2455, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2455, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 12. Noes, none. Excused, none.

SCRep. 2780 Ways and Means on S.B. No. 788

The purpose of this measure is to extend the lapsing date of certain appropriations relating to civil defense disaster relief to June 30, 2009.

This measure also appropriates unspecified amounts from general revenues for the state civil defense major disaster fund and for the state civil defense emergency supply program.

Your Committee received testimony in support of this measure from the State Department of Defense, Civil Defense Division, and the State Council on Developmental Disabilities. The Board of Land and Natural Resources offered comments.

Upon further consideration, your Committee has:

- (1) Inserted a technical correction referring to Act 118, Session Laws of Hawaii 2006, as amended by Act 89, Session Laws of Hawaii 2007, and reflecting the correct underlying law as it was amended by Act 89;
- (2) Deleted the appropriations of state general revenues for the state civil defense major disaster fund and for the state civil defense emergency supply program from this measure. Your Committee stresses that this deletion in no way dismisses or minimizes the legitimate needs served by these appropriations. However, given current fiscal constraints, your Committee finds that these appropriations for specific purposes will be better served through consideration of these, and all, needs in the larger context of the executive supplemental budget;
- (3) Renumbered the remaining sections accordingly; and
- (4) Changed the effective date of the measure to June 29, 2008.

As affirmed by the record of votes of the members 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. 788, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 788, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Inouye).

SCRep. 2781 Ways and Means on S.B. No. 2156

The purpose of this measure is to improve transportation access for individuals who need to enter and leave the West Maui area on a daily basis.

Specifically, this measure creates an informal, temporary West Maui transportation access plan working group within the Department of Transportation to develop a West Maui transportation access plan to address road closures. The measure also allows the hiring of a consultant without regard to the Hawaii procurement code to develop the plan and appropriates an unspecified amount of funds for the purpose.

Your Committee received testimony in support of this measure from the Maui Land & Pineapple Company, Inc. The State Procurement Office offered comments.

Upon further consideration, your Committee has amended this measure by inserting a provision to terminate the temporary West Maui Transportation Access Plan Working Group on June 30, 2009, to assist the Legislature with matters that may arise after the working group submits its report prior to the convening of the 2009 regular session.

As affirmed by the record of votes of the members 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. 2156, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2156, S.D. 1.

Signed by the Chair on behalf of the Committee. Ayes, 12. Noes, none. Excused, none.

SCRep. 2782 Ways and Means on S.B. No. 2961

The purpose of this measure is to appropriate funds to the Department of the Attorney General and to the Department of Transportation to satisfy claims against the State, its officers, or its employees.

Testimony in support of the measure was submitted by the Department of the Attorney General.

Your Committee finds that this measure is necessary to satisfy various claims against the State, its officers, or its employees.

Your Committee has amended this measure by adding appropriations for three more claims that have been resolved since the measure was last amended.

As affirmed by the record of votes of the members 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. 2961, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2961, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Inouye).

SCRep. 2783 Ways and Means on S.B. No. 2150

The purpose of this measure is to increase adult protective services available to adults in the State who are victims of abuse or neglect.

Specifically, this measure makes numerous revisions to Part X of Chapter 346, Hawaii Revised Statutes, which are intended to increase the protections available to adults who have experienced abuse or neglect or are in danger of abuse or neglect by:

- (1) Expanding the category of adults that are eligible for adult protective services by replacing the term “dependent adult” with the less restrictive term “vulnerable adult”;
- (2) Expanding the definitions of the types of abuse and neglect that will trigger the implementation of this chapter;
- (3) Increasing the authority of the Department of Human Services to investigate reports of abuse; and
- (4) Increasing the requirements for professional health workers and mandated reports when reporting incidents of suspected abuse.

Additionally, this measure permits the Department of Human Services to work with interested stakeholders to develop a strategy for expanding the capacity of community-based services to help with the provision of adult protective services. This measure also appropriates an unspecified amount to the Department of Human Services to hire additional staff and provide additional services necessary to fulfill its expanded role.

Testimony in support of this measure was submitted by the State Council on Developmental Disabilities; the National Association of Social Workers; the Healthcare Association of Hawaii, Catholic Charities Hawaii, and Hale Makua Home Health and Foster Family Programs. The Department of Human Services submitted comments on this measure.

Your Committee finds that the increasing number of older adults in the State will make a greater need for adult protective services a sad reality. As the Department of Human Services is called upon to provide adult protective services to a larger percentage of the adult population, it is important that the adult protective services laws allow the Department the authority to fully address the needs of vulnerable adults. Your Committee further finds that the changes to the adult protective services laws found in this measure will expand the Department of Human Services’ authority to respond, monitor, and intervene, and provide protections for a broader population of vulnerable adults.

Your Committee further finds that it is crucial that the Department have the resources necessary to hire additional staff and provide additional services that will be needed in order to meet its growing responsibilities.

Upon further consideration, your Committee has amended this measure by making minor changes as follows:

- (1) By amending the definition of “abuse” to include “physical abuse” instead of “physical injury”;
- (2) By amending the definition of “self-neglect” or “poor self care” to include the “inability or failure” to perform tasks essential to caring for oneself; and
- (3) By making technical nonsubstantive amendments for the 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. 2150, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2150, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Hooser).

SCRep. 2784 Ways and Means on S.B. No. 3004

The purpose of this measure is to make various amendments to the laws relating to the administration of the Employees’ Retirement System.

In addition, this measure:

- (1) Requires employers to transmit payroll and personnel transactions electronically to the Employees’ Retirement System;
- (2) Requires direct deposit for lump sum refunds of accumulated contributions greater than \$250 if the member does not elect to roll over the payment into an eligible retirement plan;
- (3) Clarifies that contributory and hybrid plan members must make retirement contributions while on leave of absence for professional improvement or when performing a governmental function in order to receive membership credit;
- (4) Automatically increases the annual ceiling on pension benefits to parallel the increases in the federal ceiling under the Internal Revenue Code;
- (5) Requires the state and county governments to remit the contributions for employees on military leave based upon the compensation that the member would have received had the member not been on active duty military in the armed forces; and
- (6) Clarifies the language that accidental death benefits for noncontributory plan members are not subject to the ten-year service credit requirement.

Your Committee received testimony in support of this measure from the Department of Budget and Finance and the Employees’ Retirement System.

Your Committee finds that this measure clarifies and conforms existing statutes to current practice as well as to federal law, including the Internal Revenue Code and the Uniform Services Employment and Reemployment Rights Act.

Your Committee has amended this measure to include amendments recommended by the Employees' Retirement System to conform the hybrid plan to federal tax law changes.

Specifically, your Committee has amended this measure to:

- (1) Allow members to rollover and transfer funds to the Employees' Retirement System from their individual retirement accounts and tax sheltered annuities, deferred compensation, and private pension plans to purchase membership service credit and to upgrade their noncontributory plan service to hybrid plan service;
- (2) Prohibit returning vested contributory plan members from opting to switch to the hybrid plan after June 30, 2008; and
- (3) Allow payments for the hybrid plan conversion with "after-tax" employee payroll deductions.

As affirmed by the record of votes of the members 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, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3004, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Hooser).

SCRep. 2785 Ways and Means on S.B. No. 3005

The purpose of this measure is to preserve the tax qualified status of the Employees' Retirement System.

The measure accomplishes this by offering elective officers a one-time election to be excluded from membership in the Employees' Retirement System. Additionally, this measure requires the elective officer to exercise the option within thirty days of taking office.

Your Committee received testimony in support of this measure from the Department of Budget and Finance and the Employees' Retirement System.

Your Committee finds that this measure is necessary to maintain the tax-qualified status of the Employees' Retirement System. The tax-qualified status is presently endangered by provisions in the law that allow elective officers to exercise their option to join the system at any time during their term of office and allow them to withdraw from membership while remaining in office.

Your Committee has amended this measure, as requested by the Employees' Retirement System, by restoring the bill's original language to clarify the nature of the one-time option to elective officers who are already in office on the effective date of this Act. Your Committee on Ways and Means notes that your Committee on Judiciary and Labor did not note a purposeful intent to change the meaning of this provision and that the change was merely inadvertent due to making technical corrections in the 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 S.B. No. 3005, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3005, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Hooser).

SCRep. 2786 Ways and Means on S.B. No. 3149

The purpose of this measure is to ensure that moneys in the state highway fund are expended only for state highway projects as intended and not diverted for other purposes, and to generate additional sources of revenue for operation, maintenance, and repair of the state highway system.

Specifically, this measure:

- (1) Prohibits the transfer of moneys out of the state highway fund for non-highway purposes;
- (2) Requires the remittance to the state highway fund of general excise tax revenues derived from the manufacturing, production, wholesaling, and retailing of liquid fuel for other than airplanes or small boats; and
- (3) Changes the tour vehicle surcharge to an unspecified amount.

Testimony in support of this measure was submitted by the Hawaii Highway Users Alliance and the Cement and Concrete Products Industry of Hawaii. Testimony in opposition to this measure was submitted by Robert's Hawaii. Comments on this measure were submitted by the Department of Taxation, Tax Foundation of Hawaii, Hawaii Transportation Association, PHT, Inc. dba Polynesian Hospitality, and Charley's Taxi & Limousine.

Your Committee finds that it is crucial to maintain the viability of the state highway fund to provide for the operation, maintenance, and repair of the State's roadways. This measure would prevent the transfer of funds from the state highway fund to the general fund, as has been done in the past, to the detriment of the quality of our State's roadways.

Your Committee, however, has concerns with the provision of this bill that would divert general excise tax revenue from liquid fuel sales away from the general fund. Your Committee believes that this would deprive the State of a considerable amount of operating revenue and, in turn, deprive other programs in the State of a significant source of funding.

Accordingly, your Committee has amended this measure by deleting section 3 which would require remittance of tax revenue from the manufacturing, production, and retailing of liquid fuel to the state highway 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. 3149, S.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3149, S.D. 3.

Signed by the Chair on behalf of the Committee. Ayes, 12. Ayes with Reservations, 1 (Whalen). Noes, none. Excused, none.

SCRep. 2787 (Majority) Ways and Means on S.B. No. 3171

The purpose of this measure is to protect the public by establishing oversight over charitable organizations to ensure against improper and illegal conduct by charities and their leaders.

Specifically, this measure:

- (1) Requires charitable trusts and nonprofit organizations to register and file annual financial reports with the Attorney General;
- (2) Provides standards for registration of professional fund raising counsel and professional solicitors, and registration of charitable trusts and nonprofits;
- (3) Authorizes the Attorney General to conduct investigation on possible violations;
- (4) Prohibits contracting with unregistered solicitors;
- (5) Requires submittal of a filing fee based upon the total revenue of an organization; and
- (6) Appropriates funds to staff additional positions within the Department of the Attorney General to help provide oversight.

Your Committee received testimony in support of this measure from the Children's Alliance of Hawaii. The Hawaii Alliance of Nonprofit Organizations offered comments.

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

- (1) Inserting a provision to new section 467B-A, Hawaii Revised Statutes, in section 2 of the measure to require each charitable organization soliciting funds within the State prior to the effective date of the measure to register with the Attorney General no later than December 31, 2008; and
- (2) Deleting the proviso in paragraph (1) of section 13 of the measure providing that the amendments in section 2 of the measure take effect on January 1, 2009, and making other necessary conforming amendments to section 13.

As affirmed by the record of votes of the members 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. 3171, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3171, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, 1 (Hemmings). Excused, none.

SCRep. 2788 (Joint) Commerce, Consumer Protection and Affordable Housing and Ways and Means on S.B. No. 3001

The purpose of this measure is to provide consistency between chapter 269, part VII, Hawaii Revised Statutes, and the processes and procedures applicable to third party administration of energy-efficiency and demand-side management programs and services in Hawaii.

Specifically, this measure:

- (1) Aligns the language of the law with the regulatory processes and procedures that the Public Utilities Commission will establish through a pending docket that will apply under a third party administrator structure for energy-efficiency and demand-side management programs and services in the State;
- (2) Clarifies that moneys collected for the purposes of funding energy-efficiency and demand-side management programs and services shall not be considered state or public moneys subject to legislative appropriation and shall not be required to be deposited into the state treasury;
- (3) Clarifies that the State has the express authority to participate in any energy-efficiency and demand-side management programs and services offered by the third party administrator; and
- (4) Clarifies that the public benefits fee administrator will be regulated under certain sections of chapter 269, Hawaii Revised Statutes, that are also applicable to public utilities, but would not itself be a public utility.

Testimony in support of this measure was submitted by the Department of Business, Economic Development, and Tourism; the Public Utilities Commission (PUC); the Hawaiian Electric Company, Inc.; Maui Electric Company, Ltd.; the Hawaii Electric Light Company; and the Hawaii Solar Energy Association.

Your Committees find that it is necessary to clarify that the public benefits fees collected by Hawaii's electric utility companies shall not be considered state or public funds subject to appropriations by the Legislature or for deposit into the general fund, and shall be used for the purpose of providing energy-efficiency and demand-side management programs and services to Hawaii's residential and commercial ratepayers. The demand-side management surcharge proceeds will be transferred to and managed by a third party administrator, appointed by the PUC, while the PUC will still retain the responsibility, control, and oversight of the moneys through a contract with the third party administrator.

Your Committees have amended this measure by:

- (1) Changing the effective date of this measure from effective upon its approval to July 1, 2050 to ensure further discussion on this matter; 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 Commerce, Consumer Protection, and Affordable Housing and Ways and Means that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3001, S.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as S.B. No. 3001, S.D. 2.

Signed by the Chairs on behalf of the Committees. Ayes, 16. Noes, none. Excused, 3 (Hooser, Sakamoto, Tsutsui).

SCRep. 2789 (Joint) Economic Development and Taxation and Ways and Means on S.B. No. 2646

The purpose of this measure is to provide tax incentives and establish rules that protect and sustain viable agricultural operations on important agricultural lands.

Specifically, this measure provides for certain exclusions from gross income for agricultural leases and real property tax credits on important agricultural lands.

Testimony in support of this measure was submitted by Alexander & Baldwin, Inc., Hawaii Association of REALTORS, Hawaii Crop Improvement Association, Hawaii Cattlemen's Council, Inc., Hawaii Farm Bureau Federation, Maui County Farm Bureau, The Chamber of Commerce of Hawaii, Land Use Research Foundation of Hawaii, and two individual citizens. Testimony in opposition of this measure was submitted by the Department of Taxation, Department of Budget and Finance, Department of Planning and Permitting of the City and County of Honolulu, Hawaii's Thousand Friends, and Sierra Club Hawai'i Chapter. Comments on this measure were submitted by the Department of Agriculture.

Your Committees find that it is a long recognized policy of the State to promote agricultural operations and to conserve productive agricultural lands. Although discussion of an incentives package to preserve important agricultural lands has been under discussion for several years, this year's measure represents a very broad-based approach with tax credits for rental income from agricultural leases, for payment of real property taxes, and for qualified agricultural business expenditures. Other features of this measure include provisions for residential housing on important agricultural lands, loan guaranty programs to be administered by the Department of Agriculture, and expedited permit processing for agricultural operations.

Given the multiple features of S.B. No. 2646 S.D. 2, and the need to quantify the costs of the various programs and tax credits being proposed, your Committees believe that State agencies, including the Department of Agriculture, Department of Taxation, Department of Land and Natural Resources, and Department of Business and Economic Development and Tourism must provide your Committees with specific information on the scope, estimated costs, and potential users of the credits and programs being proposed.

Your Committees received a fiscal impact statement from the Department of Taxation that this measure, as introduced, would result in the following revenue losses to the State:

Fiscal year 2009	\$22,300,000;
Fiscal year 2010	\$25,100,000;
Fiscal year 2011	\$26,500,000;
Fiscal year 2012	\$27,900,000;
Fiscal year 2013	\$29,300,000;
Annually thereafter	\$29,300,000.

The Department of Taxation's methodology on the estimated revenue losses is as follows:

Based upon 2002 Census of Agriculture data adjusted for inflation, the Department of Taxation estimates there to be approximately \$13,900,000 of qualifying farm expenses in 2008. The Department further estimates that annual real property tax collections from qualifying taxpayers to be approximately \$15,100,000. All estimations make the assumption that approximately one-sixth, or seventeen per cent, of all farmlands in Hawaii are important agricultural lands. That approximation is based upon an estimate provided by the Department of Agriculture in 2007. Although the maximum allowable credit for agricultural expenses was not specified, the Department assumes that there is no limit. According to Census of Agriculture data from 2002, approximately \$19,700,000 was received from grazing fees and for the rental of agricultural land and buildings.

There is no data on "rental income," but the Department assumes cash out for these farmers implies rental income for another Hawaii farmer. The Department again assumes approximately one-sixth, or seventeen per cent, of the total farmland would qualify as important agricultural lands and that ninety per cent of the important agricultural lands would result in taxable income. The Department applied those amounts to an average tax rate of six per cent.

Your Committees have reviewed the fiscal impact statement and methodology submitted by the Department of Taxation. However, based upon the information received, your Committees are unable to determine how the Department arrived at its projected revenue losses to the State. Your Committees are requesting that the Department clarify its projected revenue losses and methodologies in order for your Committees to gain a better sense of the overall fiscal impact of the tax credits to the State.

Your Committees further requests that the proponents of this measure prioritize and evaluate the timing of the various programs and tax credits being proposed so that an accurate estimate of the costs for a meaningful incentive package can be determined.

Accordingly, your Committees have amended this measure by:

- (1) Removing the specific percentage for the real property tax credit on lands designated as important agricultural lands;
- (2) Deleting the reference that the distribution and share of the credit shall be determined by rule, rather than requiring the distribution and share of the credit to be determined in conformance with the Internal Revenue Code;
- (3) Adding that recapture rules apply to any lands that lose their designation as important agricultural lands after a credit was properly claimed by the taxpayer;
- (4) Adding that lease arrangements, including lease rents determined by appraisal, are to be reviewed and approved by the Department of Agriculture;

- (5) Adding that rental income from agricultural leases on important agricultural lands shall be excluded from gross income for the length of the agreement;
- (6) Changing the effective date of this Act to facilitate further discussion on this measure;
- (7) Adding a ten year drop dead provision to this measure;
- (8) Adding a repeal and reenactment savings clause; and
- (9) Making technical, nonsubstantive amendments for the purpose of clarity.

As affirmed by the records of votes of the members of your Committees on Economic Development and Taxation and Ways and Means that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2646, S.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as S.B. No. 2646, S.D. 2.

Signed by the Chairs on behalf of the Committees. Ayes, 12. Noes, none. Excused, 3 (Hooser, Tsutsui, Slom).

SCRep. 2790 Ways and Means on S.B. No. 2830

The purpose of this measure is to address a variety of issues relating to support for caregiving.

More specifically this measure:

- (1) Extends the Joint Legislative Committee on Family Caregiving;
- (2) Changes the Joint Legislative Committee on Family Caregiving's name to the Joint Legislative Committee on Aging in Place;
- (3) Expands the Joint Legislative Committee on Aging in Place's mandate to include aging in place issues related to family caregiving;
- (4) Requires the Aging and Disability Resource Center to report to the Joint Legislative Committee on Aging in Place;
- (5) Requires the Joint Legislative Committee on Aging in Place to develop a model for a cash and counseling project;
- (6) Permits the Kupuna Care Program to include overnight, weekend, and emergency respite, as well as to provide grants for caregivers and home modification;
- (7) Establishes a task force to focus on the needs and issues of grandparents raising grandchildren; and
- (8) Appropriates funds to:
 - (A) The Joint Legislative Committee on Aging in Place;
 - (B) The Kupuna Care Program; and
 - (C) The Executive Office on Aging to continue its respite inventory project in collaboration with the University of Hawaii.

The State Council on Developmental Disabilities, Policy Advisory Board for Elder Affairs, Hawaii Aging Advocates Coalition, Kokua Council, American Association of Retired Persons, Healthcare Association of Hawaii, and two individuals submitted testimony in support of this measure. The Executive Office on Aging submitted comments.

Your Committee finds that as Hawaii's population ages, it is increasingly important to provide appropriate support and services to family caregivers so that they can continue to provide crucial assistance to elders. This measure takes a comprehensive approach to maintaining existing, as well as developing additional, family caregiver support and services.

Upon further consideration, your Committee has amended the measure by:

- (1) Deleting section 8 of the measure containing an amendment to the General Appropriations Act of 2007 to provide that a portion of the funding be allocated to expanding the Kupuna Care program because the Committee intends to address funding for Kupuna Care expansion in the executive supplemental budget bill;
- (2) Adding that the sum appropriated in section 9 of the measure to address the Kupuna Care program waitlist will also be used for the expansion of the Kupuna Care program;
- (3) Deleting section 10 of the measure containing an amendment to the General Appropriations Act of 2007 to increase funding for the Executive Office on Aging, because any adjustments for fiscal year 2008-2009 will be addressed in the supplemental budget bill;
- (4) Renumbering remaining sections consecutively and making corresponding changes to the section numbers in section 16; and
- (5) Making technical, nonsubstantive changes for the 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. 2830, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2830, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 12. Noes, none. Excused, none.

SCRep. 2791 Ways and Means on S.B. No. 2313

The purpose of this measure is to:

- (1) Replace the existing Insurance Fraud Investigations Unit in the Insurance Division of the Department of Commerce and Consumer Affairs with a new Insurance Fraud Investigations Branch that will investigate and prosecute fraud in all lines of insurance, except workers' compensation;
- (2) Expand administrative, civil, and criminal penalties for fraud in all lines of insurance, except for workers' compensation, and for different types of insurance fraud, including fraudulent applications and sales; and
- (3) Require that all fines and settlements resulting from successful insurance fraud prosecutions be deposited into the Compliance Resolution Fund to help the Insurance Fraud Investigations Branch to fund its operational expenses.

Your Committee received testimony in support of the measure from the Department of Commerce and Consumer Affairs, the American Council of Life Insurance, the National Association of Insurance and Financial Advisors, the Property Casualty Insurers Association of America, and State Farm Insurance Companies. Comments were submitted by ILWU, Local 142.

Your Committee notes that while the section 1 of the measure states that its purpose is to expand the jurisdiction of insurance fraud investigations to all lines of insurance except workers' compensation, the operative provisions of the bill do not specifically exclude workers' compensation. The measure also appears to draw a distinction between lines of insurance for the purpose of defining the type of sanctions – criminal, civil, or administrative – that are applicable.

Your Committee also notes that the measure appears to designate attorneys in the Insurance Fraud Investigations Branch as special deputies attorney general but gives the attorney general discretion to make – or withhold – the designation. Finally, your Committee is concerned that, as presently worded, the measure's repeal of certain insurance fraud statutes could unintentionally terminate investigation of offenses committed before its effective date.

On further consideration, your Committee has amended the bill by:

- (1) Amending the operative language of the bill to expand the jurisdiction of insurance fraud investigations to all lines of insurance while specifically excluding workers' compensation;
- (2) Making it clear that attorneys representing the State in insurance fraud prosecutions shall be designated special deputies attorney general by operation of law, without need of designation by the attorney general;
- (3) Clarifying that criminal, civil, and administrative sanctions apply to fraud in all lines of insurance except workers' compensation;
- (4) Adding language to ensure that insurance fraud offenses committed prior to the effective date of the measure can still be prosecuted under the statutory provisions in effect at the time the offenses were committed; and
- (5) Making technical nonsubstantive amendments for the 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. 2313, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2313, S.D. 1.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Hooser).

SCRep. 2792 Ways and Means on S.B. No. 3010

The purpose of this measure is to provide more comprehensive and stronger regulation of the mortgage broker profession.

Your Committee received testimony in support of this measure from the Hawaii Bankers Association, Primerica Financial Services Home Mortgages, the Mortgage Bankers Association of Hawaii, State Farm Insurance Companies, the Hawaii Association of Mortgage Brokers, and the Hawaii Credit Union League.

Your Committee finds that recent reports of inflated residential mortgage rates, unfair prepayment mortgage penalty provisions, unrealistic hybrid repayment schedules, and other fraudulent acts have caused many states to reexamine their regulation of mortgage brokers. Although the number of complaints against mortgage brokers in Hawaii is less than the mainland, it is sufficient to warrant closer regulation of the mortgage broker industry.

Your Committee also finds that the current regulation of mortgage brokers and loan originators (or mortgage solicitors) under the Department of Commerce and Consumer Affairs' Professional and Vocational Licensing Division is limited to the registration of brokers and solicitors. In light of the recent problems involving mortgage brokers, designating the Department of Commerce and Consumer Affairs' Division of Financial Institutions to exercise direct supervision of the licensing, examination, and regulation of mortgage brokers and loan originators would better serve the interests of consumers.

This measure also grants the Commissioner of Financial Institutions appropriate licensing and enforcement powers and authorizes state participation in a uniform multistate automated licensing system to expedite licensing procedures and information sharing.

Your Committee has amended the measure by:

- (1) Removing or amending erroneous or obsolete references to terms, phrases, and section numbers and headings;
- (2) Removing redundant provisions;
- (3) Clarifying provisions, terms, section titles, etc. to conform to the intent of the measure;
- (4) Making appropriate amendments in other sections of the Hawaii Revised Statutes referencing chapter 454, Hawaii Revised Statutes or other applicable terms in this measure;

- (5) Adding an exemption to the regulation of mortgage brokers for “employees and agents of a licensee if the licensee is an affiliate of a bank and is wholly owned by the holding company that owns the bank;
- (6) Qualifying the prohibition of selling a mortgage loan at a borrower’s home without an appointment, regardless if the sale was initiated by and at the invitation of the borrower; and
- (7) Making technical amendments 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. 3010, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3010, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Hooser).

SCRep. 2793 (Majority) Ways and Means on S.B. No. 2829

The purpose of this measure is to adopt changes to Hawaii’s tax law that will allow Hawaii to participate in the Streamlined Sales and Use Tax Agreement.

Testimony in support of this measure was submitted by the Hawaii Association of Realtors, the Hawaii Government Employees Association, and the Retail Merchants of Hawaii. Comments on this measure were submitted by the Department of Taxation and the Tax Foundation of Hawaii.

Your Committee has amended this measure by making technical, nonsubstantive amendments for the purpose 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. 2829, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2829, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Ayes with Reservations, 1 (Whalen). Noes, 1 (Hemmings). Excused, none.

SCRep. 2794 Judiciary and Labor on S.B. No. 3026

The purpose of this measure is to enact a new chapter, known as the Mortgage Rescue Fraud Prevention Act to:

- (1) Require mortgage rescuers to provide homeowners with a written contract that spells out the services the mortgage rescuer is expected to provide and allow the homeowner the right to cancel the contract at any time before the services are rendered; and
- (2) Limit the amount that the mortgage rescuer can make if the homeowner is successful in buying back the home to one hundred twenty-five per cent of the total debt on the home paid by the mortgage rescuer, and require that the mortgage rescuer provide the homeowner with at least eighty-two per cent of the value of their home if the homeowner is eventually unable to buy back the home from the mortgage rescuer.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs and the Hawaii Association of Realtors.

Your Committee finds that persons may prey on homeowners facing property foreclosures, liens, or encumbrances. These devious “mortgage rescuers” offer phantom help to homeowners, taking a fee of a few thousand dollars for supposedly negotiating with the homeowners’ secured creditors. After collecting the fee, little or no work is done for the homeowner who is essentially abandoned. In the most insidious cases, the consultant will persuade families to deed the house to the investors for a year, in which time the homeowner can clear up their credit and refinance their property. However, in many cases the homeowners wind up becoming tenants and being evicted.

Your Committee has amended this measure by:

- (1) Changing from five to fifteen days the period of rescission or cancellation, on the recommendation of the Hawaii Association of Realtors, to be consistent with section 508D-5, Hawaii Revised Statutes, relating to delivery of disclosure statements to the buyer;
- (2) Changing the period in which the distressed property purchaser may record the distressed property conveyance if the contract has not been cancelled, from ten to twenty days after execution; and
- (3) Making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3026, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3026, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Nishihara).

SCRep. 2795 (Majority) Judiciary and Labor on S.B. No. 868

The purpose of this measure is to prohibit an ex-officio member or an interim appointee of a board or commission from serving as chair of that board or commission.

Prior to the hearing on this measure, your Committee circulated a proposed draft that deleted the contents of the measure and inserted provisions that maintain a policy of open communications with boards and commissions when a department director is considering invoking their rights under section 26-35(a)(1), Hawaii Revised Statutes.

Specifically, the proposed draft provides that a board or commission may communicate directly with the Legislature or a legislative committee at the request of the Legislature or legislative committee.

Testimony in support of the proposed draft was submitted by the Policy Advisory Board for Elder Affairs.

Your Committee finds that boards and commissions often provide valuable information or insight in policy discussions that is different from the views or opinions of a department director. Thus, your Committee finds that a practice of open communications with boards and commissions must be maintained when a department director is considering invoking section 26-35(a)(1), Hawaii Revised Statutes, which requires a department director to represent boards or commissions administratively attached to a department when communicating with the Legislature.

Your Committee has amended the proposed draft by making technical, nonsubstantive amendments for the purpose of clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 868, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 868, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, 1 (Slom). Excused, 2 (Hee, Kokubun).

SCRep. 2796 Judiciary and Labor on S.B. No. 3197

The purpose of this measure is to ensure that immigrants receive proper immigration services and consultation by prohibiting individuals without training or experience in immigration law from rendering advice to immigrants regarding their immigration issues.

Testimony in support of this measure was submitted by Catholic Charities of Hawaii.

Your Committee finds that immigrants in Hawaii sometimes fall prey to notary publics or travel agents who assist them in their immigration matters, only to receive poor, inaccurate, or unqualified advice. Prohibiting individuals without training or experience in immigration law from rendering advice on immigration matters will provide a safeguard for immigrants who are in the immigration process.

Testimony indicates that nonprofit, religious, charitable, social service, or similar organizations recognized by the U.S. Department of Justice, Board of Immigration Appeals may apply for the accreditation of individuals of good moral character as its representatives. These accredited individuals are authorized to provide limited representation of an organization's clients before the Department of Homeland Security's Citizenship and Immigration Service and before the Board of Immigration Appeals, which includes practice before immigration judges. These accredited individuals serve a vital need in the immigration community, especially when individuals and their families do not have sufficient funds to afford the services of an immigration attorney.

Your Committee has amended this measure by:

- (1) Limiting the exclusion applicable to attorneys, to those who are licensed to practice in Hawaii;
- (2) Limiting the exclusion applicable to paralegals or other employees of an attorney, to those who work for an attorney licensed to practice law in Hawaii; and
- (3) Amending the effective date to July 1, 2050, for purposes of facilitating further discussion and clarification.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3197, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3197, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2797 Judiciary and Labor on S.B. No. 3069

The purpose of this measure is to require the courts to provide the Director of Health with the existing medical, mental health, social, police, and juvenile records of defendants who are committed to the custody of the Department of Health or who are undergoing fitness to proceed mental examinations.

Your Committee received testimony in support of this measure from the Department of Health and the Hawaii Government Employees Association. Testimony in opposition to this measure was received from the City and County of Honolulu Department of the Prosecuting Attorney. Comments were received from the Judiciary.

The intent of this measure is to facilitate the duties of the Department of Health in its statutory responsibilities to:

- (1) Participate in the panel of qualified examiners to determine fitness to proceed; and
- (2) Persons committed to the custody of the Department pursuant to a finding of unfitness to proceed or an acquittal on the ground of mental disease, disorder, or defect.

Your Committee believes that it is necessary for the Department of Health to have the defendant's records for the aforementioned purposes, particularly with regard to diagnosis and treatment.

Your Committee has amended this measure on the recommendation of the Judiciary by clarifying the records to be made available shall exclude juvenile records that are not related to the defendant's mental health or mental condition. In this regard, your Committee is aware that juvenile records are confidential and include a broad range of information, some of which may not be pertinent to the Director of Health. Your Committee has also made technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3069, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3069, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2798 Judiciary and Labor on S.B. No. 2435

The purpose of this measure is to provide an exemption from civil service for positions or contracts for personal services with qualified community rehabilitation programs lasting no more than one year.

The measure also raises the personnel or contract cost limitation placed on this exemption from \$750,000 to \$1,000,000.

Your Committee received testimony in support of this measure from the Department of Human Resources Development. Testimony in opposition to this measure was submitted by the Hawaii Government Employees Association.

Your Committee finds that contracting opportunities with qualified community rehabilitation programs provide much needed employment opportunities for Hawaii's under employed or unemployed segment and enable workers with disabilities to become contributing members of the community.

Your Committee also finds that raising the personnel or contract cost limitation from \$750,000 to \$1,000,000 would allow these programs to provide more employment opportunities and keep abreast with inflation.

Your Committee has amended this measure to:

- (1) Restrict the exempted positions to custodial and ground maintenance; and
- (2) Change the effective date to July 1, 2050, to facilitate further discussions.

Your Committee notes that the United Public Workers continue to have concerns with this measure because it may impact them.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2435, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2435, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Nishihara).

SCRep. 2799 Judiciary and Labor on S.B. No. 2129

The purpose of this measure is to ensure the recommendations and positions of the Policy Advisory Board for Elder Affairs (Board) are disseminated unaltered and unedited.

Specifically, this measure prohibits the Director of the Executive Office on Aging from altering, editing, or withholding any work product issued by the Board because that work product is inconsistent with the recommendations or positions of the Administration.

Testimony in support of this measure was received from the Hawai'i Alliance for Retired Americans, the Chair of the Policy Advisory Board for Elder Affairs, and a concerned citizen. The Executive Office on Aging submitted comments.

Your Committee finds that the recommendations and positions of the Board reflect the unique interests of the aging as a group. Undoubtedly, the Legislature, in establishing policy and law for the aging, could benefit from these recommendations and positions. Furthermore, this benefit would ultimately inure to the people and families of the State, including the aging. Your Committee finds that this may be accomplished if the Board were allowed to communicate directly to the Legislature.

Accordingly, your Committee has amended this measure by:

- (1) Giving the Policy Advisory Board for Elder Affairs the authority to directly testify before the Legislature on any matter related to its duties and responsibilities; and
- (2) Changing the effective date to July 1, 2050, to ensure further discussion and consideration.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2129, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2129, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Nishihara).

SCRep. 2800 Water and Land on S.B. No. 2641

The purpose of this measure is to establish a five-year moratorium on the development of agricultural lands located in the State for which general planning has not commenced.

Testimony in support of this measure was submitted by Hawaii Thousand Friends. Testimony in support of the intent of this measure was submitted by the Hawaii Farm Bureau Federation. Testimony in opposition to this measure was submitted by the Department of Business, Economic Development and Tourism, Hawaii Reserves, Inc., Hawaii Association of Realtors, City and County of Honolulu Department of Planning and Permitting, Land Use Research Foundation, and The Chamber of Commerce of Hawaii. The Department of Agriculture submitted testimony expressing concern with this measure.

Your Committee notes that in 2005, the Legislature enacted Act 183, Session Laws of Hawaii 2005, implementing article XI, section 3, of the State Constitution regarding important agricultural lands. Act 183 establishes policies and procedures for the identification of important agricultural lands and provides for a process to develop protection and incentive measures for important agricultural lands and agricultural viability. Despite the enactment of Act 183, there has been ongoing delay with the identification of

important agricultural lands. This measure is intended to allow time for the identification of important agricultural lands without the ongoing loss of potential important agricultural lands to development.

Your Committee has amended this measure by:

- (1) Amending the effective date to July 1, 2050; and
- (2) 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 Water and Land that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2641, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2641, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 3. Ayes with Reservations, 1 (Hee). Noes, none. Excused, 2 (Fukunaga, Whalen).

SCRep. 2801 Economic Development and Taxation on S.B. No. 2498

The purpose of this measure is to establish November 20th of each year as Makahiki Commemoration Day.

Testimony in support of this measure was received from the Office of Hawaiian Affairs and seven individuals.

Your Committee finds that Makahiki was a significant time throughout Polynesia. During this four-month period, conflict and war were set aside and unity and peace prevailed as the people paid tribute to Lono, and to the chiefs in thanks for their wise stewardship.

Your Committee is in support of this measure and its recognition of an annual period of great significance for the indigenous cultures of Polynesia.

Your Committee has amended this measure by:

- (1) Stating in the findings and purpose that the commemoration of this culturally important season is fitting and that consultation with knowledgeable Native Hawaiian cultural practitioners should be sought to ensure that establishing a set date for commemorating the Makahiki season does not affect the ability to perpetuate traditions associated with the Makahiki; and
- (2) Making a technical amendment to conform to the preferred drafting style.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2498, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2498, S.D. 1.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (English).

SCRep. 2802 Ways and Means on S.B. No. 2857

The purpose of this measure is to assure the public of the quality of the care that is offered by providers in the growing home care industry.

Specifically, this measure requires the Department of Health to license home care agencies and appropriates funds for a position in the Department to assist with licensure and monitoring of home care agencies.

Your Committee received testimony in support of this measure from the Healthcare Association of Hawaii. The Departments of Health and Human Services offered comments.

Upon further consideration, your Committee has amended this measure by changing the amount of the appropriation to an unspecified sum and by clarifying that the exemption from home care agency licensure applies to a home- or community-based agency or entity that provides services, rather than to the services themselves. Your Committee has also clarified the effective date provision to ensure that, when the measure is repealed on June 30, 2013, sections 321-11 and 321-11.5, Hawaii Revised Statutes, will be reenacted in the form in which they read on June 30, 2008. Finally, 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. 2857, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2857, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Hooser).

SCRep. 2803 (Majority) Ways and Means on S.B. No. 2342

The purpose of this measure is to ensure the safety, health, and welfare of Hawaii inmates who have been transferred to private correctional facilities on the mainland.

Specifically, this measure requires the Auditor to conduct performance audits of contracted private correctional facilities on the mainland housing Hawaii inmates with regard to the issues of delivery of services, visitation, and the Department of Public Safety's monitoring of the relevant contracts. The Auditor is to conduct audits of the Saguaro Correctional Facility in Eloy, Arizona housing male inmates and the Otter Creek Correctional Facility in Wheelwright, Kentucky housing female inmates.

This measure also contains a proviso that if the State begins a process of returning all female prisoners, who were previously transferred from Hawaii to the Otter Creek Correctional Facility, back to Hawaii in 2009, then the requirement for a performance audit of that facility pursuant to this measure shall be withdrawn.

Your Committee received testimony in support of the measure from the Drug Policy Forum of Hawaii, the Community Alliance on Prisons, and five individuals. One individual offered comments.

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

- (1) Deleting the provision regarding withdrawal of the audit of the Otter Creek Correctional Facility from section 2; and
- (2) Providing in the effective date section of the measure that the requirement to perform the Otter Creek Correctional Facility audit shall not take effect if, by October 1, 2008:
 - (A) The department of public safety has embarked on a plan that will return all female inmates at the facility back to Hawaii by the end of 2009;
 - (B) The director of public safety provides a written certification to the governor and the legislature that the department has embarked on the plan and includes, in the certification, details of the transfer plan and a timeline for all transfers; and
 - (C) The governor transmits to the Auditor a written confirmation attesting that the department of public safety has embarked on the 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 is in accord with the intent and purpose of S.B. No. 2342, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2342, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 10. Noes, 1 (Hemmings). Excused, 1 (Hooser).

SCRep. 2804 Ways and Means on S.B. No. 2715

The purpose of this measure is to clarify the compensation rates for court-appointed attorneys and guardians ad litem in family court.

The Judiciary submitted testimony in support of this measure.

Your Committee finds that this measure replaces the terms “legal services” and “non-legal services” with “in-court services” and “out-of-court services.” The measure also provides that an attorney who is licensed to practice in Hawaii will receive \$90 an hour compensation for in-court services and \$60 an hour compensation for out-of-court compensation. All services provided by a person who is not an attorney licensed to practice in Hawaii will be compensated at \$60 an hour.

Your Committee has amended this measure by making technical nonsubstantive amendments for the purpose 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. 2715, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2715, S.D. 1.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Inouye).

SCRep. 2805 (Majority) Ways and Means on S.B. No. 2780

The purpose of this measure is to broaden the definition of “public work” to include a construction contract between private parties that use state or county land for commercial activity.

More specifically, the measure specifies that a construction contract must be valued at \$500 or more to qualify as a “public work” and requires copies of qualifying land leases to be filed with the department of accounting and general services.

Testimony in support of the measure was received from the Hawaii Carpenters Union. Testimony opposing the measure was received from the Department of Accounting and General Services, the Department of Labor and Industrial Relations, and the Board of Land and Natural Resources.

Your Committee finds that state land is currently used for a wide variety of private activities and that this measure will help ensure that state wage and hour laws are recognized and enforced in construction projects that involve state or county land.

Your Committee has amended the measure by making a technical correction, raising the threshold of a “public work” construction contract from \$500 to \$500,000.

As affirmed by the record of votes of the members 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. 2780, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2780, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 8. Noes, 1 (Hemmings). Excused, 3 (Hooser, Tsutsui, Whalen).

SCRep. 2806 (Majority) Ways and Means on S.B. No. 2004

The purpose of this measure is to facilitate resolving issues relating to cost reimbursement in the administrative hearings process relating to the education of children with disabilities.

Specifically, this measure extends the deadline to file a request for an administrative hearing relating to the education of a child with a disability from ninety days to one hundred eighty days when the request is for reimbursement of costs of a child’s placement.

Testimony in support of this measure was submitted by the Hawaii Disability Rights Center, the Community Children’s Council Office and thirteen private individuals. Testimony opposing this measure was submitted by the Department of Education and the

Department of the Attorney General. The State Council on Developmental Disabilities, the Special Education Advisory Council, and two private citizens submitted comments.

Your Committee is sympathetic to concerns raised by both parents and the Department of Education. However, a ninety day statute of limitations for parents requesting a due process hearing places an unfair burden and undue stress on many parents. Extending the deadline would allow greater opportunity for parents to resolve issues with the Department. Your Committee further finds that the complexity of this issue seems to warrant continued discussion.

Your Committee has amended this measure by:

- (1) Requiring the Department of Education to report annually to the Legislature the number of requests related to reimbursement of a child's placement that are currently awaiting a due process hearing; and
- (2) Changing the effective date to July 1, 2050, in order to promote continued discussion among interested parties.

As affirmed by the record of votes of the members 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. 2004, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2004, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 10. Ayes with Reservations, 1 (Whalen). Noes, 1 (Hemmings). Excused, 1 (English).

SCRep. 2807 (Majority) Ways and Means on S.B. No. 2233

The purpose of this measure is to establish a global youth center within the University of Hawaii.

More specifically, this measure establishes a global youth center to educate future leaders and to support the collaboration between Hawaii and international youth as they collectively engage in the construction of a better future.

Testimony in support of the measure was received from the University of Hawaii System; the East-West Center; the United Nations Association-Hawaii Division; Connections Public Charter School; Co-founder, Global Youth Center; Coordinator, Hawaii Global Youth Center; Ke Ea Hou; and six private citizens.

Your Committee recognizes that Hawaii, due to its cultural, political, economic, and military links to the Asia Pacific region and other parts of the world, is well-positioned to provide leadership in training its youth. Your Committee further finds that the establishment of a global youth center provides the needed opportunities for Hawaii's youth to develop a strong base of global knowledge and skills necessary to thrive in today's changing world.

Your Committee 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 Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2233, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2233, S.D. 1.

Signed by the Chair on behalf of the Committee. Ayes, 10. Noes, 1 (Hemmings). Excused, 1 (English).

SCRep. 2808 Ways and Means on S.B. No. 2433

The purpose of this measure is to establish standards and conditions for the receipt of state funds by the State of Hawaii Museum of Monarchy History.

Your Committee received testimony in support of this measure from a representative of Iolani Palace.

Your Committee finds that the State of Hawaii Museum of Monarchy History, formerly known as the Friends of Iolani Palace has served as the "de facto" caretaker of Iolani Palace by maintaining the Palace for many decades. The State of Hawaii Museum of Monarch History, however, is exempted from the standards and conditions imposed under chapter 42F, Hawaii Revised Statutes, for the receipt of state funds.

This measure addresses that issue by establishing standards and conditions that the State of Hawaii Museum of Monarch History must meet to receive state funds. The standards and conditions are based on standards for the awarding of grants and subsidies under chapter 42F, Hawaii Revised Statutes.

Your Committee has amended the measure by:

- (1) Correcting a reference to "non-profit" organizations that should read "tax-exempt" organizations; and
- (2) Making other technical amendments 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. 2433, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2433, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Inouye).

SCRep. 2809 Ways and Means on S.B. No. 2047

The purpose of this measure is to assist taxpayers who are elderly or disabled, caregivers, and who have children by providing income tax credits and an additional personal exemption.

Specifically, this measure provides a home accessibility features for the disabled tax credit to taxpayers who make home modifications to help elderly or disabled persons live in their homes. The tax credit is in an amount equal to fifty per cent of qualified

costs of modifications, capped at \$5,000 for single filers, \$7,500 for head of household filers, and \$10,000 for joint return filers. The measure also defines "accessibility features" and "qualified costs".

In addition, the measure provides a refundable tax credit to a person who provides care to a care recipient provided that only one caregiver per household may claim a tax credit for any care recipient cared for in a taxable year. The amounts of the tax credit vary from ten per cent to one hundred per cent of an amount that is uncharacterized and not described, based upon a graduated adjusted gross income schedule from under \$30,000 to over \$75,000.

The Department of Taxation is to report annually to the Legislature on the number of taxpayers claiming the caregiver tax credit and the total cost of the tax credit. The Department of Taxation is also required to assist the Executive Office on Aging by providing certain information on caregiver services to each taxpayer who claims a credit. The measure appropriates an unspecified amount to the Department of Taxation to process and mail the information. The Executive Office on Aging, assisted by the Department of Taxation, is required to submit a report to the Legislature that evaluates over a three-year period the caregiver tax credit.

Finally, the measure provides an additional income tax exemption known as the "ohana exemption" for each claimed qualified dependent eighteen years old and younger equal to \$1,000 for taxpayers with a federal adjusted gross incomes of \$100,000 or less and \$500 for those with incomes of more than \$100,000 up to \$200,000. The exemption is phased out for those with adjusted gross incomes over \$200,000.

Your Committee received testimony in support of this measure from the Department of Taxation, AARP, and Hawaii Alliance for Retired Americans. The State Council on Developmental Disabilities offered comments.

In order to streamline this measure for meaningful consideration, your Committee has amended this measure to delete all tax measures (in parts II and III) except for the home accessibility features for the disable tax credit in part I. In addition, your Committee has modified that tax credit by limiting the amounts of the credit to specified percentages of qualified costs depending on adjusted gross income, ranging from fifty per cent for adjusted gross income under \$30,000 to five per cent for adjusted gross income \$75,000 and over.

As affirmed by the record of votes of the members 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. 2047, S.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2047, S.D. 3.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Inouye).

SCRep. 2810 Ways and Means on S.B. No. 2891

The purpose of this measure is to appropriate funds for the continuing operations of the Pacific International Space Center for Exploration Systems.

The measure appropriates \$720,000 for fiscal year 2008-2009 for the Center's:

- (1) Continued staff support;
- (2) Continuation of the Center's annual international conference and the student design competition;
- (3) Development of a comprehensive strategic development plan and the inception of a national capital fundraising campaign;
- (4) Research for site selection for development of an analog lunar base on the island of Hawaii;
- (5) Expansion of aerospace education opportunities at both K-12 and university levels statewide and education and outreach programs in local communities; and
- (6) Development of grant proposals for National Aeronautics and Space Administration research funding and development of both national and international partnerships to support the long-term growth and operation of the center.

Your Committee received testimony in support of this measure from the University of Hawaii at Hilo, University of Hawaii at Hilo Conference Center, Hawaii Island Economic Development Board, Enterprise Honolulu, Center for Space Resources, Japan-United States Science, Technology & Space Applications, Japan Manned Space Systems, SpacePartnerships.com, and two individuals. The Department of Business, Economic Development, and Tourism and Boeing Corporation offered comments.

Upon further consideration, your Committee has amended this measure by changing the appropriated amount to an unspecified amount for the purpose of continued discussion. 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 Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2891, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2891, S.D. 1.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (English).

SCRep. 2811 Ways and Means on S.B. No. 2983

The purpose of this measure is to facilitate the community-based economic development program's provision of financial assistance to community-based businesses and enterprises by:

- (1) Authorizing the Hawaii community-based economic development program revolving fund to receive funding from any source;
- (2) Repealing the prohibition on the reallocation of funds from the loan program to the grant program and reducing the maximum interest rate on the loans from ten per cent to six per cent; and

- (3) Reducing the limit on an applicant's total loan balance from \$500,000 to \$250,000.

The Department of Business, Economic Development, and Tourism submitted testimony in support of this measure.

The Hawaii community-based economic development program provides business counseling, and financial and other support to community-based businesses, nonprofit organizations, and entrepreneurs. Your Committee finds that the measure will update and improve the program's provision of these services.

Upon further consideration, your Committee has amended this measure by making technical, nonsubstantive amendments, including the deletion of section 5 of the measure because it does not make any substantive amendments to section 210D-8, 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. 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 Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Inouye).

SCRep. 2812 Ways and Means on S.B. No. 3167

The purpose of this measure is to provide a tax credit to certain small and light industrial businesses in the Kakaako community development district.

Specifically, this measure provides a tax credit equal to an unspecified percentage of the county industrial real property tax assessed on businesses located on property in the Kakaako community development district zoned I-1 and I-2; provided that the real property is in use for light industrial, wholesaling, or service and commercial operations in the tax year in which the tax credit is claimed and retains the industrial district designation in the year following the tax year in which the tax credit is claimed.

This measure also clarifies that the Hawaii Community Development Authority may, not shall, affix assessments against real property for district-wide improvements.

Your Committee received testimony in support of this measure from the University of Hawaii at Manoa College of Social Sciences Public Policy Center, Hawaii Alliance for Community-Based Economic Development, and Environmental Planning Solutions, LLC. The Department of Taxation submitted testimony in opposition to this measure and the Hawaii Community Development Authority offered comments.

Upon further consideration, your Committee has amended this measure to replace the tax credit based on an unspecified percentage of the county's industrial real property tax assessment, with a tax credit of an unspecified percentage of a taxpayer's general excise tax liability for a business within the Kakaako community development district that is located on real property designated by the county as an industrial district.

Your Committee has also amended this measure to allow the tax credit to be claimed for two years for taxable years beginning after December 31, 2007, and before January 1, 2010 and by repealing the tax credit on January 1, 2010. Finally, your Committee 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. 3167, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3167, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 10. Noes, none. Excused, 2 (Hooser, Tsutsui).

SCRep. 2813 Ways and Means on S.B. No. 3225

The purpose of this measure is to improve the management of consumptive and nonconsumptive uses of aquatic resources by establishing regional fishery management area plans for Maui and Oahu.

The Humane Society of the United States, Conservation Council for Hawaii, Kihei Community Association, Lost Fish Coalition, Snorkel Bob's Hawaii, Ocean Law & Policy Institute, and two hundred three individuals submitted testimony in support of this measure. The Department of Land and Natural Resources, Hawaii Nearshore Fishermen, and seven individuals submitted testimony in opposition to this measure. Octopus Garden Divers submitted comments.

Your Committee finds that ornamental reef fish are critical to the health of Hawaii's reefs. Currently, there is limited regulation for effective management of this important resource. As a result, reef habitats around Maui and Oahu are being degraded and fish populations are decreasing. There is a need for comprehensive and sustainable strategies to manage the taking of ornamental marine species, as well as for species conservation in the wild.

The West Hawaii regional fishery management area is a network of fish replenishment areas in which aquarium fish collection is prohibited. A portion of the fish replenishment areas also serve as fish reserves where no fishing of reef-dwelling fish is allowed. Recent data indicates that the overall number of yellow tangs has increased in the regional fishery management area at the same time that the aquarium fishery was expanded. This has also had a positive effect on the reef ecosystem and non-extractive activities, such as diving and snorkeling.

Your Committee finds that this measure requires the Department of Land and Natural Resources to establish similar, regionally appropriate, aquarium fishery management strategies for Maui and Oahu.

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

- (1) Adding a findings and purpose section;

- (2) Establishing the framework for a regionally appropriate aquarium fishery management strategy for the islands of Oahu and Maui;
- (3) Narrowing the scope by, among other things, changing the target area from the regional ocean area surrounding each island to the State's marine waters surrounding each island;
- (4) Requiring public input and consultation prior to designating fish replenishment areas;
- (5) Requiring the Department of Land and Natural Resources to establish the fish replenishment areas before January 1, 2010;
- (6) Requiring the Department of Land and Natural Resources to develop appropriate criteria for classifying species as being of sufficient concern for a harvest prohibition and to provide the list of species of special concern by January 1, 2010;
- (7) Providing authorized agents of the Department of Land and Natural Resources and other duly authorized law enforcement officers with authority to conduct examinations and inspections to enforce the limitations and restrictions within the regional fishery management areas;
- (8) Establishing an interim fish replenishment area in South Maui, from Kahekili Park to Ahihi Kinau, and designating certain species to be included in a harvest prohibition;
- (9) Clarifying that permits shall only be valid for the regional fishery management area for which the permit was issued;
- (10) Establishing penalties for violation of fishing limitations or restrictions within the regional fishery management areas;
- (11) Making the Act effective on July 1, 2050, to encourage further discussion; and
- (12) Making technical nonsubstantive amendments for the 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. 3225, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3225, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (English).

SCRep. 2814 (Majority) Ways and Means on S.B. No. 2824

The purpose of this measure is to require the Auditor to conduct a compliance, performance, and management audit of the State Procurement Office and government purchasing agencies to ensure compliance with the Hawaii Public Procurement Code.

More specifically, the measure appropriates an unspecified amount of funds for the Auditor to contract with a private entity to conduct the audit and clarifies that the Comptroller serves as an ex-officio nonvoting member of the State Procurement Policy Board.

Your Committee finds that only one audit of the State's procurement practices has been performed since the public procurement code was codified in chapter 103D, Hawaii Revised Statutes, in 1993. That audit occurred in 1995, and your Committee believes that government purchasing practices are due for review. In addition to uncovering deficiencies and improprieties in state procurement, an audit would provide an analysis of how effectively the procurement code is being implemented and enforced. Your Committee believes that this measure will foster public confidence in the integrity of state government's expenditures of public moneys.

Your Committee has amended the measure by:

- (1) Inserting provisions of S.B. No. 2574, S.D. 1, to:
 - (A) Require that moneys received pursuant to a solicitation of funds by the State to cover costs and expenses of state-sponsored trade missions and goodwill trips be deposited into the general fund and disbursed by legislative appropriation; and
 - (B) Appropriates an unspecified amount of funds for costs of state-sponsored trips and endeavors to generate business opportunities and goodwill;
- (2) Inserting provisions of S.B. No. 2823, S.D. 1, to require the State Procurement Office to conduct compliance audits of at least two randomly-chosen executive agencies each year; and
- (3) Making technical amendments for the purposes of 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. 2824, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2824, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 9. Noes, 2 (Hemmings, Whalen). Excused, 1 (Inouye).

SCRep. 2815 Ways and Means on S.B. No. 2817

The purpose of this measure is to create a temporary Honolua Bay advisory committee to develop a plan to acquire and manage Lipoa Point for public use.

Specifically, this measure sets the membership of the advisory committee and requires it to develop a Honolua Bay acquisition and management plan to purchase Lipoa Point to be developed and maintained as a public open space. The advisory committee is required to submit a written report to the Legislature containing the Honolua Bay acquisition and management plan, findings, recommendations, and any necessary legislative proposals prior to the convening of the Regular Session of 2009. Finally, this measure appropriates an unspecified amount for development of the Honolua Bay acquisition and management plan.

Your Committee received testimony in support of this measure from the Hawaii Democratic Party District 5, Surfrider Foundation, and one individual. The Department of Land and Natural Resources, State Procurement Office, Maui Land and Pineapple Company, Inc., Save Honolulu Coalition, and one individual offered comments.

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

- (1) Changing the name of the committee to the "Honolua Bay community trust advisory committee";
- (2) Removing all references to acquisition of land to reflect the committee's focus on developing a management and conservation plan to keep the Lipoa Point area as public open space;
- (3) Clarifying that the committee is to build on the efforts of a community-based stakeholder group convened by the county of Maui Mayor's office to develop both a long- and short-term sustainable management and conservation plan;
- (4) With regard to membership on the committee:
 - (A) Adding a representative of the Mayor of the County of Maui as an ex-officio member of the committee;
 - (B) Replacing the member representing the Hui O Ewa program with a representative of the Ahu Moku council;
 - (C) Adding one member representing a resource conservation organization with members in west Maui;
 - (D) Adding one member representing native Hawaiian stakeholders in the ahupuaa encompassing Honolua Bay; and
 - (E) Adding one member affiliated with the Community Conservation Network; and
- (5) Requiring the committee to submit an interim and final report to the Legislature before the Regular Sessions of 2009 and 2010 and also extending the termination date of the committee to June 30, 2010.

As affirmed by the record of votes of the members 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, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2817, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Inouye).

SCRep. 2816 (Majority) Ways and Means on S.B. No. 2294

The purpose of this measure is to increase the reserved housing requirement for a planned development in the Kakaako community development district.

More specifically, at least twenty-five per cent of the countable floor area of each planned development with a height of more than forty-five feet or a floor area that equals or exceeds one and one-half times the lot area for the development shall be developed and made available for the reserved housing units.

Your Committee received testimony in support of this measure from one individual. Your Committee received testimony in opposition to the measure from the Kamehameha Schools, U. Okada and Co., Interior Showplace, Ltd., General Growth Properties Inc., Tropical Land and Shade Co., Ray's Transmission Service Center, The Converter Factory, and an individual. The Hawaii Community Development Authority and Marshall Realty, Inc. submitted comments on the measure.

Your Committee finds that the Kakaako Community Development District was intended as a mixed-use residential and commercial community for Hawaii families to live and work. The planned community, however, is now dominated by luxury condominium units that are financially out-of-reach for the average family in Hawaii.

By increasing the reserved housing requirement, this measure will ensure that the intent behind the Kakaako Community Development District is maintained and that future developments in the district will help to provide more affordable housing for Hawaii's residents.

Your Committee has amended the measure by:

- (1) Restricting the increased reserved housing requirement to lots of one acre or more; and
- (2) Making technical amendments 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. 2294, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2294, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 10. Noes, 1 (Whalen). Excused, 1 (English).

SCRep. 2817 Ways and Means on S.B. No. 2421

The purpose of this measure is to authorize the Department of Land and Natural Resources to acquire lands owned by the Galbraith Estate in central Oahu through purchase, cooperative agreement, or eminent domain.

Testimony in support of this measure was submitted by the Hawaii Farm Bureau Federation. Comments on this measure were submitted by the Department of Land and Natural Resources and the Trust for Public Land.

Your Committee finds that much of the land in the Galbraith Estate is valuable and productive agricultural land. Its acquisition by the State would be an investment in a sustainable agricultural future. In addition, your Committee finds that acquisition of lands in the Galbraith Estate is in furtherance of the essential public policy of preserving natural resources.

Accordingly, your Committee has amended this measure as follows:

- (1) By replacing the appropriation with a blank amount to facilitate further discussion on this measure; and
- (2) By making technical nonsubstantive amendments for the 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. 2421, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2421, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (English).

SCRep. 2818 Ways and Means on S.B. No. 2198

The purpose of this measure is to establish a land conservation incentives tax credit.

Specifically, this measure:

- (1) Establishes a land conservation incentives tax credit equal to fifty per cent of the fair market value or the amount voluntarily invested in the management of land that is donated to the State for a conservation or preservation purpose; and
- (2) Authorizes the holder of an interest in agricultural lands that qualify for the tax credit to petition to have the agricultural lands designated as important agricultural lands and qualify for important agricultural lands incentives under section 205-46, Hawaii Revised Statutes.

The Trust for Public Land, Nature Conservatory, Maui Land and Pineapple Company, Historic Hawaii Foundation, McCandless Ranch, Kauai Public Land Trust, and one individual submitted testimony in support of this measure. The Department of Taxation, Department of Agriculture, Department of Land and Natural Resources, and Tax Foundation of Hawaii submitted comments.

Undeveloped private lands can provide significant benefits to the general public as watersheds, erosion control, carbon sequestration, green space, recreational space, and cultural preservation. However, there is often no incentive or remuneration to the landowner for the benefit that the undeveloped private lands provide to the public. Your Committee finds that this measure will encourage private landowners to preserve and protect conservation lands.

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

- (1) Moving from the tax credit eligibility requirements to the definition of "conservation or preservation purpose" the proviso that the taxpayer provide reasonable public access to require that the state agency that designated certain areas to be protected or preserved shall work with the taxpayer to identify opportunities to provide public access if appropriate and reasonable;
- (2) Changing the Act's effective date to July 1, 2050; and
- (3) Making technical, nonsubstantive amendments 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. 2198, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2198, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Inouye).

SCRep. 2819 (Majority) Ways and Means on S.B. No. 3257

The purpose of this measure is to require the Department of Human Services to provide presumptive eligibility to medicaid- or QUEST-eligible waitlisted patients.

Specifically, this measure requires the Department of Human Services to presume that a waitlisted patient applying for medicaid or QUEST coverage is eligible for coverage; provided that the applicant shows proof of a certain income level and confirmation as a waitlisted patient, and meets a certain level of care requirements as determined by a licensed physician. The Department is required to notify the patient or guardian within forty-five days of the application of eligibility for continuing coverage under either medicaid or QUEST.

However, if the presumed eligible waitlisted patient who receives services is later determined to be ineligible, the Department of Human Services must disenroll that patient, notify the provider or plan of the disenrollment, and reimburse the provider or plan for services provided during the period the waitlisted patient was enrolled. Finally, the Department of Human Services is required to report to the Legislature prior to the 2011 Regular Session regarding the costs and other issues related to presumed eligibility.

Your Committee received testimony in support of this measure from the Hawaii Disability Rights Center, Hawaii Pacific Health, Hawaii Business Roundtable, and Healthcare Association of Hawaii. The Department of Human Services submitted testimony in opposition. The Queens Medical Center offered comments.

Your Committee notes that experience in other states has found that the error rate in eligibility determinations was as low as four to six per cent, which is a reasonable risk that is offset by the improved utilization of more appropriate and less costly care settings in the home and in the community. Accordingly, your Committee believes that an appropriation of \$200,000 would be reasonable and prudent to cover any reimbursements to providers or plans due to enrolling waitlisted patients eventually determined to be ineligible.

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

- (1) Changing the time of notification from the Department of Human Services to the patient or guardian of eligibility for continuing coverage from forty-five days to an unspecified number of working days;

- (2) Adding a requirement that the applicant show the Department of Human Services the required proof of eligibility within an unspecified number of days after submitting an application;
- (3) Adding an appropriation for an unspecified amount for the Department of Human Services to cover the cost of any reimbursements made to providers or plans for services provided during the time waitlisted patients are enrolled but eventually determined to be ineligible; 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 Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3257, S.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3257, S.D. 3.

Signed by the Chair on behalf of the Committee. Ayes, 9. Noes, 2 (Hemmings, Whalen). Excused, 1 (English).

SCRep. 2820 Ways and Means on S.B. No. 2768

The purpose of this measure is to provide the Maui Memorial Medical Center, located in the Maui region of the Hawaii Health Systems Corporation, a means to fund improvements to the facility.

Specifically, this measure authorizes the Maui Health Care Regional System Board of the Hawaii Health Systems Corporation to issue \$150,000,000 in revenue bonds, and additional revenue bonds to refund the initial issue of revenue bonds, to finance the construction, improvement, and equipment of the Maui Memorial Medical Center, including the construction of a new Heart, Brain, and Spine Center on Maui.

Your Committee received testimony in support of this measure from the Maui Memorial Medical Center.

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

- (1) Correcting the name of the proposed center to the "Heart, Brain, and Vascular Center";
- (2) Clarifying that the \$150,000,000 revenue bond issue authorized in section 2 of the bill is in addition to other amounts of bonds authorized by law; and
- (3) Clarifying that the authority to issue revenue bonds under this measure derives from the powers of a regional system board of the Hawaii Health Systems Corporation pursuant to section 323F-7(c)(15), Hawaii Revised Statutes, and not from the general power to issue revenue bonds inuring to the State under chapter 39, 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. 2768, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2768, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 12. Noes, none. Excused, none.

SCRep. 2821 Ways and Means on S.B. No. 2845

The purpose of this measure is to require the Legislative Reference Bureau to conduct a study to identify and evaluate options for reorganizing the state agencies that are identified as integral to achieving the State's energy objectives.

Specifically, this measure directs the Legislative Reference Bureau to:

- (1) Identify the statutory responsibilities of state agencies that are integral to successfully achieving state energy objectives;
- (2) Identify any duplication or deficiency in these state agencies' responsibilities relating to state energy objectives;
- (3) Research how other states address similar deficiencies in the administration of their energy policies; and
- (4) Make recommendations regarding how the state agencies can be reorganized to advance the long-term energy strategy.

This measure also appropriates \$75,000 to the Legislative Reference Bureau to contract for the study.

Your Committee received testimony in support of this measure from the Natural Energy Laboratory of Hawaii Authority. The Department of Agriculture submitted testimony in opposition. The Department of Land and Natural Resources offered comments.

Upon further consideration, your Committee has amended this measure by changing the appropriated amount to an unspecified amount for purposes of further discussion.

As affirmed by the record of votes of the members 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, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2845, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 12. Noes, none. Excused, none.

SCRep. 2822 Ways and Means on S.B. No. 2986

The purpose of this measure is to allow certain residential taxpayers to claim a refund for the renewable energy technologies income tax credit.

More specifically, this measure allows a taxpayer whose income consists solely of pension benefits or has an adjusted gross income of \$20,000 or less (or \$40,000 or less in the case of married couples filing jointly), to qualify for a refundable tax credit for the purchase and installation of a renewable energy technology system, including solar water heating, photovoltaic, and wind systems.

Testimony in support of the measure was received from the Department of Business, Economic Development, and Tourism, the Department of Taxation, the Hawaiian Electric Company, Inc., and the Hawaii Solar Energy Association. The Tax Foundation of Hawaii submitted comments.

Your Committee finds that this measure encourages and supports the use of renewable energy and provides Hawaii residents who are pensioners or have limited incomes the opportunity they would not otherwise have to utilize renewable energy technologies.

Your Committee has amended the measure by:

- (1) Changing the taxpayer's qualifying adjusted gross income limit to an unspecified amount;
- (2) Changing the measure's effective date to July 1, 2050 to facilitate continued discussion; and
- (3) Making technical, nonsubstantive amendments for the purpose 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. 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 Chair on behalf of the Committee. Ayes, 12. Noes, none. Excused, none.

SCRep. 2823 Judiciary and Labor on S.B. No. 2867

The purpose of this measure is to provide that any false information or misrepresentation knowingly placed in a public procurement bid or a proposal shall be a basis for not awarding the bid or contract to that person, and to subject that person to a mandatory suspension from bidding on any contract for one year.

Your Committee received testimony in support of this measure from the Department of Accounting and General Services and the State Procurement Office.

Your Committee finds that this measure provides consequences to offerors who compromise the integrity of the State's procurement laws to gain the award of a bid or contract by knowingly attempting to deceive procurement officers through the provision of false information.

Your Committee has amended this measure as follows by:

- (1) Deleting sections 1 through 6;
- (2) Inserting a section that amends section 103D-310, Hawaii Revised Statutes, relating to the responsibilities of offerors, to include language that embody the intent of the measure as received by the Committee but do so in a unified manner;
- (3) Replacing the term "affiliate" with "subcontractor", since rules adopted pursuant to chapter 103D, Hawaii Revised Statutes, include a definition for "subcontractor" that includes any person who enters into an agreement with the contractor to perform the work of the contractor; and
- (4) Referencing section 103D-702, Hawaii Revised Statutes, relating to the chief procurement officer's authority to debar or suspend, as the applicable section to address debarment and suspension from bidding provisions.

Your Committee has made these amendments based on the recommendation of the State Procurement Office to simplify the applicability of this measure's intent to all source selection methods of procurement.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2867, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2867, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2824 (Joint) Judiciary and Labor and Ways and Means on S.B. No. 3077

The purpose of this measure is to provide immunity from liability and entitlement to workers' compensation coverage for licensed medical personnel providing volunteer medical services on behalf of the State or a county.

Your Committees received testimony in support of this measure from the Department of Health.

This measure covers physicians, psychologists, nurses, emergency medical technicians, social workers, and mobile intensive care technicians.

Currently, medical professionals provide volunteer services for and within the State. Although such services are within the scope of their licenses, these licensed individuals are not indemnified by the State when responding in emergency situations. This liability can have a chilling effect on the provision of critical volunteer medical services by qualified individuals that are necessary to supplement the State's own medical personnel, especially in the cases of disasters or emergencies. This measure extends immunity from liability and entitlement to workers' compensation coverage for licensed medical personnel who provide volunteer medical services for the State or a county. Your Committees determine this will help to develop a strong volunteer workforce of medical professionals to support public health interventions and enhance emergency medical surge capacity.

This measure provides volunteer medical assistance personnel immunity from liability for death, injury, or property damage arising from acts or omissions in the course of rendering services, except for willful or criminal misconduct, gross negligence, or reckless conduct. This measure further provides that in the event of death, injury, or property damage arising from a negligent act or omission, volunteer medical service personnel are immune from liability, but the State or county may be sued for damages and held responsible under the doctrine of respondeat superior.

Your Committees have amended this measure by:

- (1) Changing the effective date to July 1, 2050, to allow further consideration of the sufficiency of protection this measure affords to members of the public in the event of accidental death, injury, or property damage; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Judiciary and Labor and Ways and Means that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3077, S.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as S.B. No. 3077, S.D. 2.

Signed by the Chairs on behalf of the Committees. Ayes, 15. Noes, none. Excused, 3 (Hee, Hooser, Tsutsui).

SCRep. 2825 (Joint) Judiciary and Labor and Ways and Means on S.B. No. 3009

The purpose of this measure is to amend the Money Transmitters Act, (chapter 489D, Hawaii Revised Statutes) to effectively regulate the money transmitters industry and to enhance protection of consumers.

Your Committees received testimony in support of this measure from the Department of Commerce and Consumer Affairs and the Law Offices of Marvin S.C. Dang, L.L.C.

Your Committees find that money transmitters sell payment instruments, such as money orders, or receive money for transmission to other locations within the United States or overseas. Chapter 489D, Hawaii Revised Statutes, requires money transmitters to be licensed and in compliance beginning on July 1, 2007. Your Committees further find that there are currently over forty licensed money transmitters in the State.

Your Committees have amended this measure by;

- (1) Clarifying that fees collected by the Division of Financial Institutions, including renewal, application, license, and examination fees, cannot be changed by the Commissioner of Financial Institutions (Commissioner) through the rulemaking process of chapter 91, Hawaii Revised Statutes;
- (2) Replacing the term 'maximum' with 'aggregate' in section 489D-10, Hawaii Revised Statutes, for clarification purposes;
- (3) Revising the amount the Commissioner can charge for an examination fee to sixty dollars;
- (4) Authorizing the Commissioner to charge the money transmitter additional amounts for travel, per diem, and other reasonable expenses;
- (5) Amending the effective date to July 1, 2050, for purposes of facilitating further discussion and clarification; and
- (6) 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 Judiciary and Labor and Ways and Means that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3009, S.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as S.B. No. 3009, S.D. 2.

Signed by the Chairs on behalf of the Committees. Ayes, 15. Ayes with Reservations, 2 (Slom, Whalen). Noes, none. Excused, 3 (Hee, Hooser, Tsutsui).

SCRep. 2826 Ways and Means on S.B. No. 2843

The purpose of this measure is to encourage the recycling of electronic devices by directing the Department of Health to establish a program for collecting and recycling electronic devices. The measure also:

- (1) Allows electronic device manufacturers to implement their own collection and recycling plans for discarded devices, subject to approval;
- (2) Creates a monitoring and enforcement mechanism for ensuring compliance with recycling plans;
- (3) Establishes the electronic device recycling fund, which is funded in part by fees collected from manufacturers that sell electronic devices in the State; and
- (4) Bans disposal of electronic devices in solid waste facilities beginning January 1, 2010.

Testimony in support of this measure was submitted by Kauai County Department of Public Works, Covanta Energy Group, and Retail Merchants of Hawaii. Comments on this measure were submitted by the Department of Health and Thomson, Inc..

Upon further consideration, your Committee finds that the goal of this measure is to provide a method for electronic devices, when discarded, to be returned to the manufacturer for recycling. Although this measure places considerable recycling responsibilities on manufacturers of electronic devices, it also provides flexibility for manufacturers to meet their obligation to protect the environment. The Committee further finds that this measure, if implemented, would reduce the amount of waste and toxic materials from discarded electronic devices from entering the State's landfills. It would also encourage greater recycling and reuse of valuable materials and component parts inside the electronic devices.

Your Committee acknowledges that many details still need to be addressed before this measure may be enacted, including the costs of administering the program, added costs to manufacturers and consumers, and the measure's effects on other industries such as retailing, manufacturing, and waste disposal.

Accordingly, your Committee has amended this measure by:

- (1) Amending the definition of a “covered entity” by deleting the term “county household collector” and including government entities, businesses, and nonprofit organizations, regardless of size, operating on a neighbor island;
- (2) Amending the definition of “covered device” to include printers;
- (3) Inserting language into section -3 that will allow a “sell-through” period so that retailers may have the opportunity to sell any covered device that was on order or in stock before the manufacturer registered;
- (4) Inserting a provision to provide for a graduated registration fee for smaller manufacturers;
- (5) Deleting the electronic device recycling fund and instead requiring fees to be deposited into the environmental management special fund, requiring program implementation, including staffing, to be provided by that fund, and making appropriate conforming amendments to section 342G-63;
- (6) Making all implementation dates in the electronic device recycling program take effect one year later to provide time for the department of health to develop an implementation plan with stakeholder input, including each county, and submit a report to the legislature on the progress;
- (7) Appropriating an unspecified amount from the environmental management special fund to support the planning process for the electronic device recycling program; and
- (8) Making technical nonsubstantive amendments for the purposed 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. 2843, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2843, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 12. Noes, none. Excused, none.

SCRep. 2827 Ways and Means on S.B. No. 2104

The purpose of this measure is to increase the number of potential organ donors to make more organs available for transplantation.

Specifically this measure directs the Department of Health to contract for the establishment of an organ donor registry. The registry will compile organ donor information into a centralized database and make this information available to family members and physicians. The measure appropriates an unspecified amount of funds for the development of the registry.

Testimony in support of this measure was submitted by the Organ Donor Center of Hawaii and the National Kidney Foundation. Comments on this measure were submitted by the Department of Health.

Your Committee supports the efforts to establish a statewide organ donor registry that will allow and encourage more individuals to become organ and tissue donors. Your Committee finds that many more people are awaiting organ transplantation in Hawaii than the number of available donor organs. Much of this organ shortage may be overcome through increased registration of potential donors. Currently, the predominant method of providing notice is by indicating on one’s driver’s license that one is willing to be an organ donor. However, this method does not capture all of the potential organ donors. Your Committee believes that a comprehensive organ donor registry would be an effective mechanism for providing notice to both family members and medical professionals that an individual is a potential organ donor. By making donors’ wishes more readily known, it is anticipated that the supply of donor organs will be increased, and more lives will be saved through organ transplantation.

Your Committee acknowledges that the registry would be an open record so that a donor’s family members would know their wishes. Your Committee suggests that an online registry, where information may be accessed by registered members, will allow options beyond the current system of simply providing organ donor notice on one’s driver’s license.

Your Committee further notes that an appropriation for the organ donor registry may not be required, as federal grant or private foundation funding has been applied for.

Accordingly, your Committee has amended this measure by:

- (1) Specifying in Section 1, that the organ donor registry shall be an open record that is available to individuals who register for online registration access;
- (2) Requiring the registry to allow individuals to register as organ donors through the online system as a future option; and
- (3) Making technical nonsubstantive amendments for the purposes of consistency, 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. 2104, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2104, S.D. 1.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (English).

SCRep. 2828 (Majority) Ways and Means on S.B. No. 2192

The purpose of this measure is to ensure the health and welfare of the residents of Oahu and especially those near the area of the Waimanalo gulch sanitary landfill for which a permit modification has been applied to increase the maximum allowed grade of the ash monofill portion of the landfill.

Specifically, this measure requires the Department of Health to conduct an independent study and make an independent determination of the effect of increasing the maximum grade of the ash monofill at the Waimanalo gulch sanitary landfill from two hundred twenty feet to approximately two hundred seventy-five feet above mean sea level. Furthermore, this measure requires that the

study include a specific determination of any detrimental effects to the health, safety, and welfare of the community adjacent to or near the landfill and a specific determination of the increased risk of a landslide. The completion of the study and determination is to be a condition precedent to the granting of a modification to the solid waste management permit filed by the City and County of Honolulu and Waste Management of Hawaii, Inc.

Your Committee received testimony in opposition to this measure from the Department of Health.

Upon further consideration, your Committee has amended this measure to clarify that completion of the study and determinations is not a condition precedent to the granting of a modification to the solid waste management permit filed by the City and County of Honolulu and Waste Management of Hawaii, Inc. 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 Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2192, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2192, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 10. Noes, 1 (Hemmings). Excused, 1 (Inouye).

SCRep. 2829 Ways and Means on S.B. No. 2790

The purpose of this measure is to appropriate funds for the perinatal clinic within the University of Hawaii Medical School, Department of Obstetrics, Gynecology, and Women's Health to help women with a history of substance abuse.

The Drug Policy Forum of Hawaii and Healthy Mothers Healthy Babies submitted testimony in support of this measure. The University of Hawaii System submitted comments.

The perinatal clinic provides substance abuse treatment, prenatal care, and follow-up services in a supportive environment. This approach recognizes the need to provide appropriate health care to substance using pregnant women rather than punitive repercussions. One of the barriers to substance using pregnant women seeking perinatal care is fear of prosecution. Your Committee finds that this measure will further healthy family relationships and help prevent low-birth weight and premature births.

Upon further consideration, your Committee has amended this measure by replacing the amount of the appropriated sum with an unspecified amount.

As affirmed by the record of votes of the members 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. 2790, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2790, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Hooser).

SCRep. 2830 Ways and Means on S.B. No. 2822

The purpose of this measure is to establish safe and structured learning environments for school-aged children during non-school hours.

Specifically, this measure:

- (1) Establishes a task force on non-school hour programs;
- (2) Appropriates temporary assistance for needy families funds for the safe haven after-school program in Hawaii County and non-school hour programs, in general; and
- (3) Appropriates general funds for non-school hour activities and an educational specialist II position within the Department of Education.

The Department of Education and HiTech Quest submitted testimony in support of this measure. The Department of Human Services submitted testimony in opposition to this measure. The Department of the Attorney General submitted comments.

Statistics indicate that the rates of juvenile crime, drug use, and experimentation with tobacco, alcohol, and sexual activity increase among unsupervised older children during non-school hours. The Department of Education, Department of Human Services, Department of Parks and Recreation, Hawaii State Student Council, and community agencies have collaborated for the planning, implementation, and evaluation of non-school hour programs. Their efforts have made a significant impact in the community. Your Committee finds that this measure will support existing after school care endeavors, as well as encourage additional non-school hour programs and activities.

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

- (1) Deleting the language regarding a non-school hour activities program coordinator in section 9 of the bill because such a position has already been established;
- (2) Establishing the non-school hour activities task force within the Office of Youth Services instead of the Department of Education;
- (3) Establishing an Educational Specialist II position within the Department of Education in lieu of a non-school hour activities program coordinator position;
- (4) Designating the Department of Human Services as the expending agency for the purposes of non-school hour programs for kindergarten through twelfth grades that are administered by the Department of Education;

- (5) Designating the Department of Human Services as the expending agency for the purposes of non-school hour programs for children and youth enrolled in school;
- (6) Clarifying the purpose of the measure and appropriations with respect to qualifying for federal temporary assistance for needy families block grants; and
- (7) Making technical, nonsubstantive amendments for 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. 2822, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2822, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 12. Noes, none. Excused, none.

SCRep. 2831 Ways and Means on S.B. No. 3255

The purpose of this measure is to establish a long-term care commission to research what resources are necessary to meet state long-term care public policy goals and to recommend a program and funding mechanism that may provide long-term care services in the State.

Specifically, this measure designates members of the commission and sets their terms of office and requires the commission to:

- (1) Review available research, studies, and previously proposed programs;
- (2) Establish a purpose statement;
- (3) Prepare a five-year plan to accomplish the goals, including the recommendation of benchmarks;
- (4) Monitor federal legislation for changes that may impact the program;
- (5) Collaborate with interested stakeholders; and
- (6) Submit an interim report to the legislature no later than twenty days prior to the convening of the 2009 regular session, and a final report to the legislature no later than July 31, 2010.

The measure also appropriates funds to support the work of the long-term care commission.

Your Committee received testimony in support of this measure from the Healthcare Association of Hawaii, American Association of Retired Persons, Hawaii Aging Advocates Coalition, Hawaii Alliance for Retired Americans, and Kokua Council/Policy Advisory Board for Elder Affairs. The State Procurement Office submitted testimony in opposition.

Upon further consideration, your Committee has amended this measure to:

- (1) Require that the University of Hawaii at Manoa, College of Social Sciences Public Policy Center provide administrative support and staffing to facilitate the work of the long-term care commission;
- (2) Change the expending agency from the Senate and the House of Representatives to the University of Hawaii;
- (3) Change the amount of the appropriation to an unspecified amount; and
- (4) Make 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. 3255, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3255, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 10. Noes, none. Excused, 2 (Hooser, Tsutsui).

SCRep. 2832 Ways and Means on S.B. No. 2579

The purpose of this measure is to establish new penalties for failing to file required campaign spending reports or for filing substantially defective or deficient reports.

In addition, the measure provides that campaign spending penalties and fines shall be deposited into the general fund rather than the Hawaii election campaign fund.

The State Campaign Spending Commission and the League of Women Voters of Hawaii submitted comments on the measure.

Your Committee finds that by establishing the fines assessed on committees for failure to file or for filing a substantially defective report will encourage more timely disclosure and thereby support a central pillar of campaign spending law. Your Committee further finds that fines imposed for failure to file a corrected report electronically within a certain amount of time will also serve to increase compliance with the law.

Your Committee has amended the measure to:

- (1) Clarify that all fines for failing to file a campaign spending report are imposed on the candidate committee, rather than the individual candidate;
- (2) Delete unnecessary language concerning the revisor of statutes renumbering new sections; and
- (3) Make 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. 2579, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2579, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Inouye).

SCRep. 2833 Ways and Means on S.B. No. 2720

The purpose of this measure is to authorize the State Fire Council to employ an administrator and an administrative assistant.

Testimony in support of this measure was received from the State Fire Council and the Legislative Information Services of Hawaii.

Your Committee finds that the level of operations and responsibility of the State Fire Council warrants the establishment of full-time equivalent staff support. The Council is placed within the Department of Labor and Industrial Relations for administrative purposes.

Your Committee has amended this measure by adding an unspecified amount of funds to the Department of Labor and Industrial Relations for the two State Fire Council positions, and making a conforming amendment to its effective date. Your Committee also made technical nonsubstantive amendments for the 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. 2720, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2720, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 12. Noes, none. Excused, none.

SCRep. 2834 (Majority) Ways and Means on S.B. No. 2196

The purpose of this measure is to:

- (1) Transfer to the Board of Land and Natural Resources the Department of Transportation's authority to regulate commercial activity on ocean waters, except harbors;
- (2) Clarify that the authority being transferred from the Department of Transportation to the Board of Land and Natural Resources with regard to the commercially permitted use of boating facilities applies to both governmental and private facilities; and
- (3) Authorize the Board of Land and Natural Resources to regulate commercial activity in private marinas.

Testimony in support of this measure was submitted by four concerned individuals. Testimony opposed to this measure was submitted by the Department of Land and Natural Resources and Paradise Cruise, Ltd.

Your Committee finds that expanded developments in visitor and destination areas along the coast have resulted in increased commercial activities taking place in the State's ocean waters. Your Committee finds that this increased use has the potential to create conflicts among users and cause adverse effects on ocean habitats.

Upon further consideration, your Committee finds that it is necessary to clarify that this measure is not intended to add to or modify boating activities that are already regulated. Rather, the intent is to allow the Department of Land and Natural Resources to regulate previously unregulated commercial activities from new resort and marina areas.

Accordingly, your Committee has amended this measure by:

- (1) Inserting a new section 1 that clarifies the intent and purpose of this measure;
- (2) Deleting the proposal to have the Board of Land and Natural Resources assume the function of the Department of Transportation to regulate commercial activity on ocean waters; and
- (3) Clarifying the definition of the "commercial activity" to be regulated in private marinas.

As affirmed by the record of votes of the members 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. 2196, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2196, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 9. Noes, 1 (Hemmings). Excused, 2 (English, Inouye).

SCRep. 2835 (Majority) Ways and Means on S.B. No. 2528

The purpose of this measure is to provide dedicated funding for the care and operation of Kokee state park and the Waimea canyon state park.

Your Committee received testimony in support of this measure from two individuals. The Department of Land and Natural Resources and two individuals submitted testimony in opposition to the measure and one individual submitted comments on the measure.

Your Committee finds that Kokee and Waimea canyon state parks are unique, fragile ecosystems that provide trails and historic-cultural qualities for residents and tourists alike. These parks, however, are in danger of commercialization and overuse and have suffered from disrepair and lack of maintenance.

This measure establishes a budget sub-account for these state parks within the state parks special fund. The sub-account would ensure that a portion of the proceeds from concessions, leases, and commissions collected at the Kokee and Waimea canyon state parks would be used for their repair and upkeep to ensure that the parks' natural beauty and uniqueness are preserved for years to come.

Your Committee has amended the measure by:

- (1) Changing the effective date to July 1, 2050, to promote further discussion on this matter; and
- (2) Making technical amendments 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. 2528, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2528, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 10. Noes, 1 (Hemmings). Excused, 1 (Inouye).

SCRep. 2836 Ways and Means on S.B. No. 3206

The purpose of this measure is to provide continued community participation in the preservation and protection of Kawai Nui marsh.

Specifically, this measure creates the Kawai Nui Marsh Advisory Council within the Department of Land and Natural Resources, and it will consist of representatives of community and conservation groups and government entities. The council shall review and assist in updating the 1994 Kawai Nui Marsh master plan and facilitate the implementation of the master plan. The measure also requires the Council to enhance education and cultural awareness of the marsh and participate in the protection and preservation of its natural and cultural resources. The measure also appropriates an unspecified amount to support the work of the council.

Testimony in support of this measure was submitted by the Office of Hawaiian Affairs, the City and County of Honolulu, and one concerned individual. Testimony opposed to this measure was submitted by the Hawaii Audubon Society. Comments on this measure were submitted by the Department of Land and Natural Resources.

Your Committee finds that the Kawai Nui Marsh is the largest remaining wetland in the State. Among its ecological treasures are primary habitats for a number of species of endemic and endangered Hawaiian birds. In addition, the Kawai Nui Marsh was designated a wetland of international importance by the Ramsar Convention for the marsh's relationship to surrounding cultural sites.

Your Committee further finds that, despite advocacy and restoration efforts from many devoted community groups, the health of Kawai Nui Marsh has declined. Your Committee believes that the involvement of the community in the planning and implementation of programs in Kawai Nui Marsh is critical to maintain and increase public support for preserving this important wetland. Your Committee also believes that the creation of the Kawai Nui Marsh Advisory Council will engage government entities and community groups together in management of the marsh and will preserve and protect it for the future.

Upon further consideration, your Committee has amended this measure as follows:

- (1) By clarifying that membership of the council shall include a representative of the Department of Land and Natural Resources State Parks Division, rather than the Administrator; and
- (2) By making technical nonsubstantive amendments for the 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 Chair on behalf of the Committee. Ayes, 10. Noes, none. Excused, 2 (Hooser, Tsutsui).

SCRep. 2837 Ways and Means on S.B. No. 3137

The purpose of this measure is to make an appropriation to the Department of Land and Natural Resources for the purpose of monitoring akule fish from Pearl Harbor to Ka'ena point.

Testimony in support of the measure was received from three private individuals. Testimony opposing the measure was received from the Department of Land and Natural Resources.

Your Committee finds that development and recreational activities along the leeward coast of Oahu have affected the coastal system and the habits of migration of the akule. Your Committee further finds that a tagging study of the akule will provide valuable information about approaches to protecting this valuable aquatic resource in light of commercial activity and traditional fishing practices along the coast.

Upon further consideration, your Committee amended this measure by changing the appropriation amount to an unspecified amount to facilitate further discussion.

As affirmed by the record of votes of the members 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. 3137, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3137, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Inouye).

SCRep. 2838 Ways and Means on S.B. No. 3102

The purpose of this measure is to provide for greater protection of lands that have value as a resource to the State by allowing:

- (1) Public and private moneys to be deposited into the land conservation fund and distributed as grants for the acquisition of land having value as a resource to the State; and

- (2) Moneys from the land conservation fund to be used for the costs of operating, maintaining, and managing lands acquired by way of the land conservation fund.

The Department of Land and Natural Resources, Hawaii Agriculture Research Center, and the Nature Conservatory submitted testimony in support of this measure. The Trust for Public Land submitted testimony in opposition to this measure.

The Legacy Land Conservation Program is currently funded through an annual transfer of ten per cent of the conveyance tax to the land conservation fund. The program has successfully partnered with state and county agencies, as well as nonprofit land conservation organizations to protect a significant amount of the State's resource value lands. However, in the first two years of the program's existence, the applicants' requests have exceeded the sums available to be awarded.

Your Committee finds that this measure will increase the number of quality projects that can be funded through the program by permitting other public and private moneys to be deposited into the land conservation fund. This measure will also help protect resources at risk on the resource value lands by allowing moneys from the land conservation fund to be used for the costs of operating, maintaining, and managing lands acquired by way of the land conservation fund. This will ultimately provide greater public access and enjoyment of the resource value lands.

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

- (1) Specifying that the costs related to the operation, maintenance, and management of lands acquired by way of the land conservation fund cannot exceed five per cent of annual fund revenues of the previous year, not costs in general; and
- (2) Making technical, nonsubstantive amendments for 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. 3102, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3102, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 10. Noes, none. Excused, 2 (Hooser, Tsutsui).

SCRep. 2839 Ways and Means on S.B. No. 2864

The purpose of this measure is to ensure that health plan reimbursements to physicians and hospitals in Hawaii are adequate.

Specifically, this measure requires the Insurance Commissioner to prepare a written report surveying:

- (1) The amount of compensation or salary of the active, practicing doctors in Hawaii in various areas of specialty;
- (2) A comparison of Hawaii physician compensation or salary information to national physician salary information;
- (3) The patient co-share payments in Hawaii compared to patient co-share payments in other states;
- (4) The Hawaii Medical Service Association, Hawaii Management Alliance Association, Kaiser Foundation Health Plan, Summerlin Life and Health Insurance Company, and University Health Alliance to determine various facts relating to reimbursements;
- (5) A comparison of the reimbursements in paragraph (4) with the reimbursements in other states;
- (6) Selected providers, including physicians and hospitals, to provide examples of the actual costs of providing health care services in Hawaii;
- (7) Students at the John A. Burns School of Medicine to determine whether low reimbursements create a disincentive to practice in Hawaii;
- (8) The shortfalls in payments by medicare, medicaid, and private insurance to cover costs incurred by hospitals and physicians;
- (9) A comparison of insurance premiums paid by individuals and employers for health plan coverage in Hawaii with insurance premiums paid in other states; and
- (10) A comparison of the average costs of malpractice insurance premiums incurred by physicians and by specialties in Hawaii with other states.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs and the Healthcare Association of Hawaii.

Upon further consideration, your Committee has amended this measure to identify the compliance resolution fund as being established pursuant to section 26-9(o), Hawaii Revised Statutes, in the appropriation and to change the appropriated amount to an unspecified sum. 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 Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2864, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2864, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Hooser).

SCRep. 2840 (Majority) Ways and Means on S.B. No. 2832

The purpose of this measure is to support and encourage a sustainable future for Hawaii by developing and establishing sustainable communities in the State.

Specifically, this measure requires the State in a combined effort with all state departments and agencies to develop and maintain sustainable communities that will:

- (1) Generate, primarily through alternative energy sources, at least fifty per cent of all of the energy requirements for the entire community under development, including residential homes, and areas and services used by the entire community;
- (2) Implement a comprehensive recycling program to divert at least seventy-five per cent of the entire community's solid waste from landfills;
- (3) Implement an extensive community wastewater recycling and treatment management system to treat and recycle the entire community's wastewater for landscaping and other agricultural irrigation requirements offsite;
- (4) Implement an extensive water conservation management plan for the entire community to conserve water through various methods, including rain water harvesting;
- (5) Designate at least fifty per cent of the entire tract of land for the residential community for open space; provided that open space does not include designated golf courses or the shoreline if the community abuts and includes shoreline space;
- (6) Grant public access to nearby cultural or historical sites, public beaches, shores, trails, or other recreational areas; and
- (7) Reserve at least thirty per cent of its residential units within the residential community for affordable housing.

The Department of Business, Economic Development, and Tourism, the Chamber of Commerce of Hawaii, and one individual submitted testimony in opposition to this measure. The Commission on Water Resource Management of the Department of Land and Natural Resources submitted comments.

Your Committee finds that sustainability can be achieved through the cooperative and coordinated efforts of interested parties, state and county government, businesses, and community groups. This measure establishes a framework through which future residential communities can be planned and developed with the goal of sustainability from their inception. However, your Committee recognizes that a number of issues remain to be resolved on this important initiative. Accordingly, your Committee has retained the effective date of July 1, 2050, to encourage continued discussion among affected stakeholders.

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

- (1) Including in the findings of the measure an example of sustainability concepts being successfully implemented in an existing community;
- (2) Clarifying the process that a developer may use to access incentives for building sustainable residential community developments;
- (3) Clarifying the applicability of the measure to state departments and agencies authorized to grant permits;
- (4) Clarifying the duties and responsibilities of the ad hoc development committee;
- (5) Clarifying the composition of the ad hoc development advisory committee by deleting the energy resources coordinator of the Hawaii housing finance and development corporation or designee and adding the deputy for water resource management of the department of land and natural resources or the deputy's designee and the executive director of the Hawaii housing finance and development corporation or the executive director's designee;
- (6) Conditioning the occupancy of a completed residential community upon the approval of the energy resources coordinator; and
- (7) Making technical, nonsubstantive amendments for the 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. 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 Chair on behalf of the Committee. Ayes, 10. Noes, 1 (Whalen). Excused, 1 (English).

SCRep. 2841 Ways and Means on S.B. No. 2733

The purpose of this measure is to:

- (1) Resolve claims and disputes relating to the portion of income and proceeds from the lands of the public land trust for use by the Office of Hawaiian Affairs between November 7, 1978, and July 1, 2008; and
- (2) Fix prospectively, the minimum amount of income and proceeds from the lands of the public land trust that are to be paid to the Office of Hawaiian Affairs at \$15,100,000 annually.

The Department of the Attorney General, Office of Hawaiian Affairs, Maui Native Hawaiian Chamber of Commerce, Native Hawaiian Hospitality Association, Joseph Kealoha, Inc., Dowling Company, Inc., and one hundred four individuals submitted testimony in support of this measure. Na Koa Ikaika o Ka Lahui Hawaii and one individual submitted testimony in opposition to this measure.

Your Committee finds that this measure represents the terms of an agreement proposed by the Governor and the Office of Hawaiian Affairs to resolve claims and disputes arising from the portion of income and proceeds from the lands of the public trust for use by the Office of Hawaiian Affairs, between November 7, 1978, and July 1, 2008.

Upon further consideration, your Committee has amended this measure by making numerous technical, nonsubstantive amendments 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. 2733, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2733, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Ayes with Reservations, 2 (Tsutsui, Whalen). Noes, none. Excused, 1 (English).

SCRep. 2842 Ways and Means on S.B. No. 2915

The purpose of this measure is to establish the taro security and purity task force.

Your Committee received testimony in support of the measure from the Department of Agriculture, the Office of Hawaiian Affairs, the University of Hawaii, the Hawaii Island Contractors Association, Na Maka O Ka Aina, and two individuals. Your Committee received comments on the measure from two individuals.

Your Committee finds that the taro security and purity task force is essential to the taro industry to:

- (1) Develop guidelines, protocols, and recommendations for taro policy to ensure that taro is saved and protected in Hawai'i;
- (2) Develop a program of incentives and projects that enhance taro security and purity, provide support to taro farms and farmers, and improve taro markets for the long-term;
- (3) Support the recovery of traditional Hawaiian taro cultivars in the State; and
- (4) Increase public awareness of taro and its role culturally, socially, in health and well-being, environmentally, and economically in the State.

Your Committee has amended the measure by:

- (1) Clarifying that the person retained to assist the task force is hired contractually and is not a state employee;
- (2) Clarifying that the report by the task force is to be submitted to the legislature twenty days prior to the convening of the 2009 regular session;
- (3) Changing the appropriations in section 8 of the measure to unspecified amounts; and
- (4) Making technical amendments 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. 2915, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2915, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 12. Noes, none. Excused, none.

SCRep. 2843 Ways and Means on S.B. No. 2984

The purpose of this measure is to improve the ability of the disaster loan program to make funds available for disaster relief and rehabilitation through personal and commercial loans following a disaster.

Specifically, this measure:

- (1) Makes changes to the State's disaster loan program to conform to the United States Small Business Administration Disaster Loan Program;
- (2) Allows for the remediation of damaged property;
- (3) Sets loan application deadlines;
- (4) Increases the loan ceiling for individuals and businesses to \$50,000 and \$100,000, respectively;
- (5) Sets the loan interest rate at one per cent below the Small Business Administration's interest rate; and
- (6) Deletes provisions for the transfer of funds from other state loan programs that are no longer funded.

Testimony in support of this measure was submitted by the Department of Business, Economic Development, and Tourism and the Civil Defense division of the Department of Defense.

Your Committee finds that it is important for the disaster loan program to provide loans to businesses and individuals as quickly as possible following a disaster.

Upon further consideration, your Committee has amended this measure by providing the director more flexibility on establishing loan application deadlines and criteria for waiving deadlines in consideration of exigent circumstances and by making technical nonsubstantive amendments for the 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. 2984, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2984, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Inouye).

SCRep. 2844 Ways and Means on S.B. No. 2480

The purpose of this measure is to appropriate an unspecified amount of additional funds in fiscal year 2008-2000 for the support and expansion of existing Science-Technology-Engineering-Math related programs, including creative media education programs, and project Environmental and Spatial Technology programs.

Your Committee received testimony in support of this measure from the Hawaii Crop Improvement Association and the Economic Development Alliance of Hawaii. Testimony in opposition to the measure was received from the Department of Education. Comments on the measure were received from the University of Hawaii and the Department of Business, Economic Development, and Tourism.

Your Committee finds that funds for the support and expansion of existing Science-Technology-Engineering-Math related programs and project Environmental and Spatial Technology programs were previously appropriated for fiscal year 2008-2009 during the regular session of 2007. However, because these educational programs have been so successful, they require additional funding to accommodate the increased participation levels and program expansion.

Your Committee has amended this measure by incorporating the contents of S.B. No. 2862, S.D. 1, which establishes the science technology and education special fund and redirects appropriations to certain Science-Technology-Engineering-Math related programs through the science technology and education 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. 2480, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2480, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Inouye).

SCRep. 2845 Ways and Means on S.B. No. 2482

The purpose of this measure is to extend the lapse date of the funds provided for the planning, design, and construction of a modern laboratory and office complex on Coconut Island.

The University of Hawaii submitted testimony in support of this measure.

The Hawaii Institute of Marine Biology is a world-renowned research institute situated on Coconut Island in Kaneohe Bay. The island itself also provides excellent research opportunities as it is surrounded by sixty-four acres of protected coral reef. The Hawaii Institute of Marine Biology provides research facilities for faculty and students from a broad range of disciplines, including zoology, oceanography, microbiology, molecular biosciences, bioengineering, human nutrition, food and animal sciences, and global environmental sciences. Your Committee finds that this measure will help the University of Hawaii pursue opportunities to further enhance this unique research facility.

Upon further consideration, your Committee has amended this measure by changing the effective date to June 29, 2008, to prevent the funds from lapsing on June 30, 2008, pursuant to Act 160, Session Laws of Hawaii 2006.

As affirmed by the record of votes of the members 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. 2482, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2482, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 10. Noes, none. Excused, 2 (Fukunaga, Hooser).

SCRep. 2846 Ways and Means on S.B. No. 2774

The purpose of this measure is to establish a task force within the University of Hawaii School of Social Sciences to evaluate comprehensive recycling options available to schools, including a detailed cost-benefit analysis related to establishing a school recycling program in the State.

The Department of Education and the University of Hawaii at Manoa College of Social Sciences Public Policy Center submitted comments.

Your Committee finds that every school day, each student throughout the State produces about half a pound of waste. A school recycling program would reduce unnecessary spending on waste disposal and alleviate some of the spatial issues facing Hawaii landfills. A school recycling program in the State will also teach students important recycling habits and ultimately benefit the environment.

According to the Public Policy Center, the measure's broad scope exceeds what the Public Policy Center's capacity can support this year and would require a substantial redirection of faculty resources. In consideration of this, your Committee amended the measure to narrow its scope by:

- (1) Requiring the scope of the evaluation to be limited to a small number of pilot sites rather than to be comprehensive;
- (2) Requiring the task force to provide a summary feasibility report instead of a detailed cost-benefit analysis; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committee retained an appropriation section in the measure. However, given the fact that the scope of the measure has been narrowed, it is likely that no general funds will be needed to implement the 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 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 Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (English).

SCRep. 2847 Ways and Means on S.B. No. 2868

The purpose of this measure is to establish an archaeological data survey database under the State of Hawaii Museum of Natural and Cultural History.

More specifically, the measure will make the database accessible to the public online and requires the Museum of Natural and Cultural History to consult with the State Historic Preservation Division and other appropriate agencies and organizations in developing and maintaining the database. The measure authorizes the Museum to withhold information from the database if its disclosure poses a threat to a site or artifact.

The Department of Land and Natural Resources submitted comments regarding this measure.

Your Committee has amended the measure by making technical, nonsubstantive amendments for the purpose 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. 2868, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2868, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Inouye).

SCRep. 2848 Ways and Means on S.B. No. 3165

The purpose of this measure is to provide for affordable housing, healthcare and care for the elderly, and services to Hawaii's disadvantaged with respect to mixed-use transit-oriented joint development project opportunities.

Specifically, this measure authorizes the Hawaii Housing Finance and Development Corporation to approve and certify for exemption from the general excise tax any project that provides affordable rental housing or community health care facilities within a mixed-use transit-oriented joint development project approved by the Corporation.

The measure also clarifies that additional amounts not subject to the general excise tax applies to amounts received by an operator of a county bus transportation system. Furthermore, this measure exempts from the general excise tax, amounts received by the operator of a county fixed guideway transportation system and imposes certain conditions and qualifications on the exemption relating to the county's budget and budgeting process. Finally, this measure limits the exemption under the use tax in chapter 238, Hawaii Revised Statutes, to affordable rental housing units.

Your Committee received testimony in support of this measure from the Public Policy Center of the College of Social Sciences of the University of Hawaii, the Hawaii Association of Realtors, and the Hawaii Alliance for Community-Based Economic Development. The Hawaii Housing Finance and Development Corporation of the Department of Business, Economic Development, and Tourism submitted testimony in opposition to this measure and the Department of Taxation offered comments.

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

- (1) Adopting the suggestions offered by the City and County of Honolulu to:
 - (A) Delete all provisions relating to the exemption from the general excise tax of amounts received by the:
 - (i) Operator of a county bus transportation system; and
 - (ii) Operator of the fixed guideway transportation system, including provisions relating to the City and County of Honolulu's budget and budgeting process.
 - (B) Remove the definition of "eligible development costs" with respect to claiming a general excise tax exemption;
 - (C) Remove federal approval of mixed-use transit-oriented joint development projects; and
 - (D) Allow community healthcare facilities to claim the use tax exemption; and
- (2) Make 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. 3165, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3165, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Inouye).

SCRep. 2849 Ways and Means on S.B. No. 3168

The purpose of this measure is to statutorily establish the Academy for Creative Media Program to develop a skilled workforce to support digital media production and provide creative career and business opportunities for Academy students.

The measure also:

- (1) Designates the location of the program to be at the University of Hawaii at West Oahu and specifies its management structure; and
- (2) Deletes provisions related to the program leasing the Public Broadcasting System facility.

One individual submitted testimony in support of this measure. The Department of Education, Chair of the Academy of Creative Media Program at the University of Hawaii at Manoa, and four individuals submitted testimony in opposition to this measure. The University of Hawaii System and the Department of Business, Economic Development, and Tourism submitted comments.

Your Committee finds that the proposal to establish the Academy for Creative Media Program in the College of Arts and Sciences was approved by the Board of Regents of the University of Hawaii on January 16, 2004. In supporting documents presented to the Board, the program was described as "a system-wide endeavor for fostering a progressive and collaborative environment for students, faculty, campuses and departments, while effectively interfacing with global academic, technology and commercial economies. Initially, students will receive credit and degrees, where appropriate, through existing programs. New programs will be developed and approved via established Board of Regents procedures and processes. New programs envisioned include certificate programs, an AA in Creative Media, a BA in Creative Media, an MA in Critical Studies, MFAs in Animation and Computer Games, Writing for Visual Media, Cinematic and Digital Production, Producing, and Innovation Technologies and Creative Media, and a PhD in Critical Studies."

Your Committee further finds that the program has been highly successful in building the collaborative environment and in sustaining an effective global interface during the past four years, in spite of the resource constraints faced by the program. In order to establish "a robust academic, industrial and community framework for the formation and sustainability of a knowledge-based, creative media industry in Hawaii," now is the time for the legislature to support the program's expansion and development of its production-oriented facilities into locations beyond a single campus.

Your Committee believes that this measure provides the means for the program to capitalize upon its earlier achievements, by progressing to the next step in building a system-wide program, and takes Hawaii one step closer towards building the knowledge, creative-based industries of the twenty-first century.

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

- (1) Deleting references in the measure that relate to the establishment of the Academy for Creative Media Program at the West Oahu campus;
- (2) Emphasizing that the program and any degrees offered pursuant thereto should be system-wide and statewide in nature;
- (3) Specifying that the appropriation for the program should be expended to expand programs and facilities at a system-wide, statewide level administered by the University of Hawaii;
- (4) Providing that the expansion of programs and facilities should be directed to the West Oahu-Kapolei region; and
- (5) Making technical, nonsubstantive amendments for the 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. 3168, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3168, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Ayes with Reservations, 1 (Tsutsui). Noes, none. Excused, 1 (Inouye).

SCRep. 2850 Ways and Means on S.B. No. 2524

The purpose of this measure is to require and appropriate funds for the creation of separate forensic treatment facilities for the mentally ill in all community correctional centers.

This measure would also require appropriate medical staffing for each facility and ban the practice of placing mentally ill persons either in solitary confinement or in the general correctional population.

Your Committee received comments on this measure from the Department of Public Safety and the Community Alliance on Prisons.

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

- (1) Replacing the statutory amendments proposed by the measure with language requiring the Department of Public Safety to conduct a study on the feasibility of doing what the bill originally would have required;
- (2) Creating an advisory committee to assist the Department of Public Safety in conducting the feasibility study;
- (3) Requiring the Department of Public Safety to report the findings and recommendations of the feasibility study to the Legislature no later than twenty days prior to the regular legislative session of 2009;
- (4) Changing the purpose of the appropriation to the performance of the feasibility study; and
- (5) Making technical nonsubstantive amendments for the 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. 2524, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2524, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 9. Noes, none. Excused, 3 (Hooser, Tsutsui, Whalen).

SCRep. 2851 (Majority) Ways and Means on S.B. No. 2878

The purpose of this measure is to establish in the State an early learning system, an Early Learning Council, and the keiki first steps program.

More specifically, this measure establishes an early learning system in Hawaii to provide quality learning opportunities for children, age birth to five. The measure creates the Early Learning Council to govern the early learning system and attaches the council to the

Department of Education. The measure also establishes the keiki first steps program as the first phase of the early learning system and appropriates funding for the program.

Testimony in support of this measure was received from the Department of Education, the University of Hawaii System, the Center on Disability Studies, Honolulu Community College Early Childhood Programs, Kamehameha Schools, Maui Economic Opportunity, Inc., Aloha United Way, the Hawaii Educational Policy Center, the Hawaii Association of Independent Schools, PATCH, Spark M. Matsunaga Institute for Peace, and twenty private individuals. The Office of Information Practices and a private citizen submitted comments. Testimony opposing the measure was received from the Department of Human Services.

Your Committee finds that a comprehensive early learning program that ensures a continuum of quality early learning opportunities will not only benefit Hawaii's children and their families, but is important to the prosperity and productivity of the entire State. Your Committee notes that the primary provisions included in this measure are based upon recommendations from the Early Learning Educational Task Force, which was established by the Legislature pursuant to Act 259, Session Laws of Hawaii 2006. However, recognizing that the Early Learning Council will need additional time to fully develop and identify resources, providers, and facilities for the keiki first steps program to ensure its success, your Committee believes that a phased implementation approach is necessary.

Your Committee has amended this measure by:

- (1) Designating the keiki first steps program as a five-year pilot program, to begin implementation in the 2009-2010 academic year;
- (2) Providing criteria upon which schools will be selected as keiki first steps participating schools and requiring that each district shall have at least two schools participating in the keiki first steps pilot program;
- (3) Requiring the Early Learning Council to research program requirements and report recommendations regarding the implementation of keiki first steps pilot program to the Legislature prior to the start of the 2009 Regular Session;
- (4) Requiring the Early Learning Council to submit annual reports and a final report, recommending whether the program should continue as a permanent program; and
- (5) Deleting the appropriation provision for keiki first steps, while specifying that program funds should be requested in the 2009-2011 biennium 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 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 Chair on behalf of the Committee. Ayes, 8. Noes, 1 (Hemmings). Excused, 3 (Hooser, Tsutsui, Whalen).

SCRep. 2852 Ways and Means on S.B. No. 591

The purpose of this measure is to update and restate the capital goods excise tax credit.

Your Committee received testimony in support of this measure from the Department of Taxation and a practicing attorney. The Tax Foundation of Hawaii submitted comments on the measure.

Your Committee finds that section 235-110.7, Hawaii Revised Statutes, relating to the capital goods excise tax credit, has been difficult to administer because of references to Internal Revenue Code provisions that have been repealed or substantially amended.

Although this measure repeals section 235-110.7, Hawaii Revised Statutes, the provisions and application of the capital goods tax credit are retained and codified in a new part.

Upon further consideration, your Committee has made the following amendments to the measure:

- (1) Adding a definition of "cost" to include the cost of installing acquired capital goods;
- (2) Removing in the proposed section 235-B(b), the reference to the definition of "basis" in section 235-A;
- (3) Removing references to a decrease in the business use of listed property and the basis of eligible property, respectively, with respect to the occurrence of recaptured property;
- (4) Adding a provision to the effective date section that section 3 (repeal of section 235-110.7, Hawaii Revised Statutes) shall not apply to property placed in service in Hawaii prior to January 1, 2008;
- (5) Deleting references to section 235-110.7, Hawaii Revised Statutes, throughout the Hawaii Revised Statutes; and
- (6) Making technical amendments 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. 591, S.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 591, S.D. 3.

Signed by the Chair on behalf of the Committee. Ayes, 10. Noes, none. Excused, 2 (English, Inouye).

SCRep. 2853 (Majority) Ways and Means on S.B. No. 3252

The purpose of this measure is to address the teacher shortage problem in the State through various initiatives and to make appropriations.

More specifically, the measure:

- (1) Appropriates funds for public school teachers and teacher candidates to take PRAXIS preparatory courses, tutorials, or programs to become highly qualified under the No Child Left Behind Act;
- (2) Provides teachers with full service credit for prior teaching experience, up to a maximum of ten years, when determining the classification of a teacher hired to teach in a hard-to-fill school or subject area; except that such teachers hired between January 1, 2004, and June 30, 2008, shall not receive retroactive pay related to the full service credited;
- (3) Provides national board certified teachers with full credit for the teacher's total number of years of teaching experience;
- (4) Makes appropriation to establish a teacher workforce strategic planning committee to develop and implement a strategic teacher workforce development plan, among other duties;
- (5) Appropriates funds to establish professional development schools within Hawaii public schools to train preservice teachers;
- (6) Appropriates funds to complex areas for academic coaches for students and programs relating to the professional development and retention of teachers;
- (7) Establishes the teacher housing allowance program to provide housing assistance and appropriates funds for the program and for repair and maintenance of existing teacher housing;
- (8) Appropriates funds for the Hawaii teacher cadet program to address the teacher shortage;
- (9) Appropriates funds for a Hawaii beginning teacher induction pilot program within the Department of Education; and
- (10) Appropriates funds to establish additional teacher education positions.

Testimony in support of the measure was submitted by the Hawaii State Teachers Association. The Department of Education, the University of Hawaii, the Hawaii Educational Policy Center, and the Hawaii Teachers Standards Board submitted comments.

Your Committee finds that qualified teachers are a valuable resource in any state. One of the most critical problems in our State is attracting and keeping qualified teachers in our public schools. Good teachers inspire our children to become good students. Good students become knowledgeable, productive, and responsible citizens, who also contribute to the development of a qualified workforce. A skilled, available workforce is essential to the economic well-being of the State. Your Committee believes that this measure takes significant steps in addressing issues relating to qualified teachers.

Your Committee has amended the measure by:

- (1) Providing up to ten years of prior teaching credit to teachers hired to teach in shortage area categories and teachers who meet all requirements of the No Child Left Behind Act;
- (2) Deleting provisions relating to the establishment and funding of a teacher workforce strategic planning commission;
- (3) Deleting an appropriation of funds for the repair and maintenance of existing teacher housing;
- (4) Deleting provisions relating to the establishment and funding of sixteen additional teacher education positions at the West Oahu campus of the University of Hawaii;
- (5) Changing the amounts appropriated in all provisions to unspecified amounts to facilitate further discussion; and
- (6) 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. 3252, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3252, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 10. Noes, 1 (Hemmings). Excused, 1 (Hooser).

SCRep. 2854 Ways and Means on S.B. No. 3115

The purpose of this measure is to improve the Department of Taxation's collection capabilities through the efficient allocation of resources and simplified taxpayer filings.

Your Committee received comments on this measure from the Department of Taxation.

Your Committee finds that only twenty-seven per cent of all individual income tax returns are filed electronically. Also, business returns require the manual processing of ninety-six per cent of the over 1,500,000 business returns filed. Manual filings can result in the Department receiving as much as a ton of mail a day.

Your Committee further finds that other states that require electronic filing have experienced higher growth rates, improved taxpayer services, reduced operating costs (e.g., electronic payments, online account access, electronic forms and instructions), and increased their collections without undue burden to taxpayers.

By requiring certain taxpayers to file electronically, enhancing electronic filing services, and improving and funding integrated tax services, your Committee finds that this measure provides the means to improve the administration and efficiency of taxpayer services and collections provided by the Department.

Your Committee notes that the October 1, 2008, contract execution deadline under section 9 of the measure is intended to facilitate the Department's ability to pay back the general fund "advance" for fiscal year 2008-2009, prior to the end of the fiscal year.

Your Committee has amended the measure by:

- (1) Amending section 237-31, Hawaii Revised Statutes, to conform the section to the text of the Hawaii Revised Statutes;

- (2) Including the Streamlined Sales Tax Project and related software upgrading in performance based contracts executed by the Department of Taxation;
- (3) Rephrasing the effective date section to ensure that the amendment made to section 237-31, Hawaii Revised Statutes, is exempt from a repeal and reenactment condition in Act 304, Session Laws of Hawaii 2006; and
- (4) Making technical amendments 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. 3115, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3115, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Inouye).

SCRep. 2855 Ways and Means on S.B. No. 2842

The purpose of this measure is to work toward the goal of energy self-sufficiency for the State by encouraging the use of energy-efficient lighting.

More specifically, the measure:

- (1) Phases out and bans the use of energy-inefficient lighting, especially those products with lead and high mercury content;
- (2) Establishes a state lighting efficiency standard for general purpose lights;
- (3) Requires the use of ENERGY STAR labeled lamps in agency buildings and facilities; and
- (4) Directs the Department of Health to develop a statewide recycling program for recycling mercury-containing compact fluorescent bulbs.

Testimony in support of this measure was received from the Hawaiian Electric Company. Testimony opposing the measure was received from the Department of Health. The Department of Business, Economic Development, and Tourism submitted comments.

In recent years, the Legislature has adopted legislation to encourage the use of renewable energy resources and support energy-efficiency initiatives. Your Committee supports the transition to new and evolving lighting technologies and recognizes the need for a recycling program for mercury-containing compact fluorescent bulbs. This measure continues the State's effort toward energy self-sufficiency.

Your Committee amended this measure by:

- (1) Changing the title of chapter 342J from "Hazardous Waste" to "Hazardous and Universal Waste";
- (2) Changing the title of section 342J-A to "Universal waste; lighting products.";
- (3) Designating that the fines collected under this measure be deposited into the environmental management special fund;
- (4) Authorizing the environmental management special fund to receive fines collected under section 342J-A;
- (5) Requiring the Director of Health to adopt rules to implement new provisions relating to the hazardous universal waste substance provisions;
- (6) Clarifying that provisions relating to fines and maximum amounts of fines shall be provided by rules;
- (7) Appropriating an unspecified amount from the environmental management special fund for the Department of Health to develop a statewide program for recycling mercury-containing compact fluorescent bulbs and making the section effective on July 1, 2008; and
- (8) Making technical nonsubstantive amendments for the purpose 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. 2842, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2842, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 12. Noes, none. Excused, none.

SCRep. 2856 (Majority) Ways and Means on S.B. No. 2932

The purpose of this measure is to increase the state environmental response tax on petroleum in order to increase funding available for energy conservation, alternative energy development, global warming initiatives, and other programs.

Comments on this measure were submitted by the Department of Taxation, the Department of Business, Economic Development, and Tourism, and the Tax Foundation of Hawaii. Testimony opposed to this measure was submitted by the Department of Health.

Your Committee finds that it is critical to support energy resources conservation and environmental protection and to reduce the State's dependence on imported fossil fuels. Your Committee finds that increasing the amount of the environmental response tax collected on each barrel of petroleum product sold in the State would be an effective means of generating revenue to fund programs that work toward these objectives.

Your Committee notes that the percentage of the per barrel tax collected and reserved to address drinking water concerns is presently unspecified in the underlying law. Your Committee recommends that, during subsequent discussions in the appropriate subject matter committees, those committees are requested to consider and recommend an appropriate percentage to be withheld to

address drinking water concerns and provide Department of Health direction as to how those concerns should be addressed. In addition, those committees are requested to consider and recommend an amount to be reserved for other items including energy conservation, alternative energy development, and global warming initiatives.

Your Committee has amended this measure by:

- (1) Adding the Ramseyer provision: "New statutory material is underscored."
- (2) Making technical nonsubstantive amendments for the 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. 2932, S.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2932, S.D. 3.

Signed by the Chair on behalf of the Committee. Ayes, 9. Noes, 2 (Hemmings, Whalen). Excused, 1 (English).

SCRep. 2857 (Majority) Ways and Means on S.B. No. 2828

The purpose of this measure is to clarify the use of the Governor's emergency powers.

Specifically, this measure, among other things:

- (1) Clarifies under what circumstances the Governor may suspend laws under the Civil Defense and Emergency Act and requires the Governor to report to the Legislature to authorize the continuance of disaster relief actions provided under such a suspension of laws;
- (2) Establishes that certain provisions of the State's disaster relief chapter are operative and supersede provisions of the Civil Defense and Emergency Act in times when an emergency arises that is not considered a civil defense emergency; and
- (3) Provides that any emergency declarations in force prior to the effective date of the measure to expire at the end of the 2008 Regular Session unless reauthorized by the Legislature.

Testimony in opposition to this measure was received from the Senior Policy Advisor of the Governor, the Department of Land and Natural Resources, the Department of the Attorney General, the Department of Accounting and General Services, the Department of Agriculture, and the State Department of Defense.

Your Committee finds that the Governor should not utilize the power to suspend laws in times of acts of war or natural disaster as authorized under the Civil Defense and Emergency Act for purposes of noncivil defense situations unless there is a tangible and measurable threat to the people or environment of the State.

While departmental testimony opposed to this measure detailed ongoing disaster mitigation projects that would be adversely impacted by its implementation, your Committee believes that these disaster mitigation projects will not be impaired by enactment of this measure. Instead this measure will alleviate your Committee's concern with the improper use of emergency powers to circumvent existing laws and county ordinances that prevent improper procurement of services, construction of unsafe and unhealthy structures, uncontrolled development, destruction of Hawaii's fragile environment, pollution of our waters, and the Legislature's authority to ensure the proper expenditure of public funds.

Recently, the Governor issued no less than four emergency proclamations to authorize the expedited construction of structures for the homeless on the Leeward Coast of Oahu and extended the terms of the emergency proclamations during periods when the Legislature was not in session. These emergency proclamations and their extensions while the Legislature was not in session prevented the Legislature from ensuring that public funds were being properly expended by the Governor according to law. These emergency proclamations by the Governor that rely on the authority of the Civil Defense and Emergency Act to develop homeless shelters lack the elements of a civil defense or disaster emergency but allow the Governor to expedite construction and developments without the need to comply with the procurement code, building and zoning codes, environmental and other laws and county ordinances that are intended to prevent construction of unhealthy and unsafe structures and uncontrolled development in the State.

Your Committee notes that, during the 2007 Regular Session, although the Governor had ample opportunity to report to the Legislature on the use of these emergency powers, the Governor did not seek legislative approval to continue the services provided under the emergency proclamations. Rather, the Governor waited until after the 2007 Regular Session adjourned, and then extended the term of the original emergency proclamations for an additional year. What concerns your Committee even more is that throughout the three Special Sessions of the Legislature in 2007, and thus far in the 2008 Regular Session, the Governor has yet to seek approval for continuing this endeavor. Through the use of the powers provided under the existing emergency proclamations and until June 30, 2008 - if the Governor does not further extend the emergency proclamations - the Governor will have circumvented the provisions of at least eighteen state laws and county ordinances for a period of two years.

Again, while your Committee believes that sheltering and providing services to the homeless is an appropriate exercise of governmental authority and resources, your Committee does not concur with the approach the Governor has taken to provide the shelter and services, particularly when the Governor had ample opportunity to collaborate with the Legislature on this important issue. Your Committee believes that the issue of the homeless is a situation that falls under the category of a periodic societal inequity or circumstance that is most appropriately addressed through initiatives proposed by the Governor and approved by the Legislature through the legislative process and one that certainly does not rise to the level of a manmade or natural disaster, the basis upon which the Governor justifies circumventing state laws and county ordinances.

Mindful of the concerns raised by testifiers that the measure as received may prevent the State from taking preventative actions upon the threat of a major natural or manmade disaster or act of war or terrorism, as well as adversely impact ongoing emergency projects that are being undertaken to mitigate previous flood, erosion, wind, earthquake, and other damage caused by natural disasters, your Committee has amended this measure by:

- (1) Amending section 127-2, Hawaii Revised Statutes, to specify that the “disaster relief agency” and “the director of disaster relief” shall be the state civil defense agency and the state director of civil defense;
- (2) Specifying that the limitations on the Governor’s emergency powers do not apply to disasters caused by fire, flood, tidal wave, volcanic eruption, pandemic illness, earthquake, or other natural causes, or manmade disasters including massive oil spills, nuclear accidents, airplane crashes, and civil disturbances, and enemy attacks or acts of terrorism;
- (3) Specifying that the term “other disaster relief” does not include remedying periodic or longstanding societal inequities or circumstances that could otherwise be remedied through the legislative process;
- (4) Clarifying that the definition of “tangible and measurable harm or damage” includes harm or damage that may occur in the immediate future;
- (5) Providing an exception to expiration provisions in Section 4 for certain ongoing disaster related projects; and
- (6) Changing the effective date to upon approval.

Your Committee intends, with this amended measure, to continue to provide the Governor with the powers necessary to protect against the damages that may be caused by acts of war or terrorism as well as by manmade or natural disasters but wishes to make clear that the Governor shall not abuse these powers to circumvent existing laws and the authority vested in the Legislature by the Constitution of the State 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 is in accord with the intent and purpose of S.B. No. 2828, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2828, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 10. Ayes with Reservations, 1 (Whalen). Noes, 1 (Hemmings). Excused, 1 (English).

SCRep. 2858 (Majority) Ways and Means on S.B. No. 3215

The purpose of this measure is to stimulate the production of biodiesel in the State by providing various financial incentives.

Specifically, this measure:

- (1) Authorizes the Department of Land and Natural Resources to lease public agricultural lands for growing crops to be used in the production of biodiesel fuel;
- (2) Provides a procurement preference in chapter 103D, Hawaii Revised Statutes, for state vehicles with diesel engines to use biodiesel blended fuels produced in the State from feedstock grown in the State;
- (3) Establishes a state energy feedstock program to support and promote a market for biodiesel feedstock crops grown in the State; and
- (4) Creates a tax exemption for oil seed crushing facilities.

Testimony in support of this measure was submitted by Pacific Biodiesel, Imperium Renewables Hawaii, LLC, Sierra Club, and Hawaiian Electric Company. Testimony in opposition to this measure was submitted by the Board of Land and Natural Resources. Comments on this measure were submitted by the Department of Agriculture, the Department of Taxation, and the Tax Bill Service.

Your Committee finds that financial incentives and tax incentives to develop and produce biodiesel in the State create opportunities for the development of a biodiesel industry in the State. The increased development and availability of biodiesel resources in the State would reduce the State’s dependence on imported fossil fuels.

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

- (1) Deleting the grant of rulemaking authority to the Department of Land and Natural Resources as it relates to crops used in the production of biodiesel fuel because the department already possesses general rulemaking authority pursuant to section 171-6(4), Hawaii Revised Statutes;
- (2) Making a clarifying amendment to section 6 by deleting an erroneous reference to an exemption from real property taxes for biodiesel feedstock croplands;
- (3) Replacing, after consultation with the previous committee, the unspecified amount of excluded gain in section 235-7(a)(13), Hawaii Revised Statutes, with “one hundred” per cent, to correct an inadvertent drafting error;
- (4) Changing the effective date to July 1, 2050, to facilitate further discussion on this measure; and
- (5) Making technical nonsubstantive amendments for the 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. 3215, S.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3215, S.D. 3.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, 1 (Hemmings). Excused, none.

SCRep. 2859 Ways and Means on S.B. No. 2818

The purpose of this measure is to combat the crime of human trafficking. Specifically, this measure:

- (1) Extends the sunset date of the Hawaii anti-trafficking task force established in Act 260, Session Laws of Hawaii 2006;

- (2) Adds representatives from additional governmental agencies, human services organizations, and victim services organizations to the task force; and
- (3) Requires the task force submit a final report to the Legislature prior to the 2010 Regular Session.

Testimony in support of this measure was submitted by the Office of the Crime Victim Compensation Commission, the Department of the Prosecuting Attorney of the City and County of Honolulu, and the Sex Abuse Treatment Center.

Your Committee finds that the Hawaii anti-trafficking task force has made significant progress toward achieving its legislative mandate. Your Committee further finds that the sunset date for the task force should be extended to allow it to complete the needs analysis and to draft proposed legislation that will address the needs of victims of human trafficking. Your Committee also believes that the work of the task force will be assisted and improved with input from additional government agencies and service providers.

Upon further consideration, your Committee has amended this measure as follows:

- (1) By requiring the task force to submit an interim report to the Legislature prior to the 2009 Regular Session;
- (2) By requiring the task force's final report to include its findings, recommendations, and any proposed legislation;
- (3) By changing the effective date of the amendments to Act 260 to June 29, 2008, to postpone the cessation of the task force that is otherwise scheduled for June 30, 2008;
- (4) By changing the appropriation to an unspecified amount to facilitate further discussion on this measure; and
- (5) By making technical nonsubstantive amendments for the purpose 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. 2818, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2818, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Inouye).

SCRep. 2860 Ways and Means on S.B. No. 3234

The purpose of this measure is to:

- (1) Require installation of an ignition interlock device on the vehicle of a person arrested for driving under the influence of an intoxicant in order to prevent the person from starting or operating a motor vehicle with more than a minimal alcohol concentration while the person's case is pending and the person's license is revoked pursuant to chapter 291E, Hawaii Revised Statutes;
- (2) Amend various penalties and conditions related to driver's licenses and operating a vehicle under the influence of an intoxicant;
- (3) Provide for certification of ignition interlock devices and vendors and fund installation of devices for the indigent with surcharges on offenders and fees on vendors; and
- (4) Establish the Hawaii Ignition Interlock Implementation Task Force (Task Force) to prepare for implementation of the ignition interlock device requirement and appropriate funds for the task force.

Your Committee received testimony in support of this measure from the Department of Health, the Department of the Prosecuting Attorney of the City and County of Honolulu, the Honolulu Police Department, Anheuser-Busch Companies, the Alliance of Automobile Manufacturers, and Mothers Against Drunk Driving – Hawaii. The Judiciary and the Department of Transportation submitted comments.

Your Committee finds that, pursuant to House Concurrent Resolution No. 28, H.D. 1 (2007), the Department of Transportation convened a working group of government agencies and community stakeholders to study the feasibility of requiring the installation of ignition interlock devices on vehicles of driving under the influence offenders, including exploring and recommending procedures for the introduction of ignition interlock technology to Hawaii. The working group met several times in 2007 and identified certain elements that are key to a successful ignition interlock program.

Your Committee notes, however, that there were many other issues that could not be resolved by the working group within the time allotted. While the working group was thus not able to propose legislation, this measure contains most of the key elements identified by the working group. It also identifies many of the issues yet to be resolved and establishes a Task Force to address these issues, and propose any necessary additional legislation, during the two-year implementation period established by the measure.

Your Committee is aware that there are a number of amendments that may be necessary to conform existing law to the final form the ignition interlock device program will take when it becomes effective in 2010. However, the ignition interlock provisions of this measure are a collaborative effort to protect Hawaii's residents and visitors from the State's extremely high alcohol-related traffic fatality rate, which was fifty-two per cent in 2006 – the highest in the nation. Your Committee believes that, because of its broad membership, the Task Force is well-suited to address the need for further amendments as it works through the details of implementing the program in the next two years.

Accordingly, your Committee has amended the measure as follows:

- (1) Placing the amendments to section 287-20, Hawaii Revised Statutes, currently in section 9 of the measure, in section 2 and renumbering sections 2 through 8 to be consistent with the practice of placing new and amended statutory sections in ascending numerical order;

- (2) Substituting a reference to section 321-161, Hawaii Revised Statutes, in the proposed new section 291E-A, Hawaii Revised Statutes, and in the proposed definition of "ignition interlock device" with a reference to new section 291E-B that is proposed by this measure. Section 321-161, Hawaii Revised Statutes, grants the Department of Health authority to administer the program pursuant to which drivers arrested for driving under the influence are tested for alcohol and other intoxicants. The proposed section 291E-B confers that authority on the Department of Transportation for the purposes of the ignition interlock device program and is, therefore, the appropriate reference;
- (3) Amending the new section 291E-B by conferring rulemaking authority, pursuant to chapter 91, Hawaii Revised Statutes, on the Department of Transportation so that it can fulfill its responsibilities with regard to the ignition interlock device program to the same extent that the Department of Health now uses its rulemaking authority to fulfill its responsibilities under section 321-161, Hawaii Revised Statutes;
- (4) Deleting a reference to the National Highway Traffic Safety Administration in the proposed section 291E-B(b)(6) that is redundant of a reference in proposed section 291E-B(b)(1);
- (5) Clarifying that the Task Force shall report to the legislature on whether any conforming statutory amendments are necessary to make this measure and current law consistent with each other; and
- (6) Making technical nonsubstantive amendments for the 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. 3234, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3234, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 12. Noes, none. Excused, none.

SCRep. 2861 Ways and Means on S.B. No. 3174

The purpose of this measure is to extend the sunset date of the increased conveyance tax allocation to the rental housing trust fund.

The measure also authorizes the issuance of bonds for the dwelling unit revolving fund, appropriates funds for expedited third party review of affordable housing projects, and authorizes the issuance of bonds for the construction of affordable housing in cooperation with nonprofit and private developers.

Your Committee received testimony in support of this measure from the Department of Taxation, the Hawaii Housing Finance and Development Corporation, the City and County of Honolulu, the Hawaii Island Community Development Corporation, and the Hawaii Association of Realtors. The Pacific Housing Assistance Corporation and the Tax Foundation of Hawaii submitted comments.

Your Committee finds that the affordable housing crisis continues to be one of the State's most significant and challenging social problems and is a critical issue for many Hawaii residents. As the cost of home ownership and rentals increases, the State must continue to assist residents to obtain affordable housing. However, because funding for these matters is more appropriately considered within context of the Executive Supplemental budget, your Committee has amended the measure by removing sections 2, 4, 5, and 6 of the measure, with respect to appropriations for the dwelling unit revolving fund, the rental housing trust fund, and private and nonprofit housing developers. Your Committee is very cognizant of the importance of continued budgetary support for affordable housing and will seek to address these concerns in the overall context of the senate draft of the state supplemental budget.

Your Committee is also aware of the need for additional resources for repair and maintenance concerns in Hawaii Public Housing Authority housing projects and continued support for the homeless and homeless services. These important issues will be addressed within the fiscal constraints and overall context of the state budget as well.

In addition to your Committee's efforts to support affordable housing and homelessness issues through the state budget, a second component of your Committee's plan is to expand on the housing issues raised in this measure. Accordingly, your Committee has further amended the measure to:

- (1) Delete the specific appropriation amount in section 3 of the measure for expedited third party review of affordable housing projects;
- (2) Incorporate the contents of S.B. No. 2560 into the measure to establish a self-help housing technical assistance trust fund under the Hawaii Housing Finance and Development Corporation to provide funding for self-help housing projects;
- (3) Incorporate the contents of S.B. No. 2980 into this measure to provide a vehicle to change the Hula Mae multifamily revenue bond authorization which provides home financing for residents and finances the purchase of the Kukui Gardens Rental Housing Complex;
- (4) Making conforming amendments consistent with the foregoing changes; and
- (5) Making technical nonsubstantive amendments for purposes of clarity and style.

Your Committee believes that this measure and the affordable housing appropriations in the state budget will provide the focus and support needed to assist residents with obtaining affordable housing. Your Committee also appreciates the direction and legislative priority provided by your Committee on Human Services and Public Housing and will continue to depend on their expertise to address the affordable housing issues this session.

As affirmed by the record of votes of the members 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. 3174, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3174, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Hooser).

SCRep. 2862 Ways and Means on S.B. No. 2907

The purpose of this measure is to prioritize pastoral and agricultural homesteading programs by establishing a Pastoral and Agricultural Homesteading Division within the Department of Hawaiian Home Lands.

The Department of Hawaiian Home Lands submitted comments.

Pastoral and agricultural homesteading is one of the major programs of the Department of Hawaiian Home Lands that is necessary to satisfy the mandates of the Hawaiian Homes Commission Act of 1920, as amended. Native Hawaiians have the lowest rate of homeownership in the State. More needs to be done to promote successful native Hawaiian farming at various levels and accelerate homeownership opportunities for native Hawaiians. Your Committee finds that this measure will help promote the homesteading of Hawaiian home lands, protect against the loss of the lands to commercial development, and maximize the agricultural use of the lands that are prime for that purpose.

Upon further consideration, your Committee has amended this measure by making technical, nonsubstantive amendments for clarity, consistency, and style, including:

- (1) Uniformly referencing the Division as the Pastoral and Agricultural Homesteading Division; and
- (2) Clarifying that the Division shall implement, as well as develop projects that maximize the use of Hawaiian home lands.

As affirmed by the record of votes of the members 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. 2907, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2907, S.D. 1.

Signed by the Chair on behalf of the Committee. Ayes, 10. Noes, none. Excused, 2 (Hooser, Tsutsui).

SCRep. 2863 Ways and Means on S.B. No. 2905

The purpose of this measure is to require the Department of Agriculture to conduct a study on the effect of regulations of Kona coffee blends.

Specifically, this measure requires, and provides funding for, the Department of Agriculture to study the possible impacts of changes to current Hawaii Kona coffee blend laws, including:

- (1) Increasing the required percentage of Kona-grown coffee that entitles a coffee to be labeled “Kona coffee”;
- (2) Adapting the labeling standards accordingly;
- (3) Requiring state certification for Kona coffee grown and sold in the north and south Kona districts; and
- (4) Determining what measures and standards would be necessary to support the development and growth of other Hawaii regional coffees.
- (5) Providing a description of the current economic situation concerning Kona coffee as it pertains to farmers, processors, and retailers;
- (6) Identifying existing concerns or issues regarding the current ten per cent Kona coffee minimum blend requirement;
- (7) Evaluating the possible economic impact of raising the current ten per cent Kona coffee minimum blend requirement to a higher requirement, including possible economic impact on farmers, processors, and retailers;
- (8) Evaluating anticipated consumer reaction;
- (9) Evaluating ways to strengthen the State’s “truth-in-labeling” laws;
- (10) Examining how to achieve national recognition for Kona coffee and deter the illegal use of the term “Kona Coffee”;
- (11) Evaluating whether to institute state certification for Kona coffee grown and sold in the south Kona district and the north Kona district; and
- (12) Determining what measures and standards would be necessary to support the development and growth of other Hawaii regional coffees.

Your Committee received testimony in support of this measure from the Hawaii County Council. The Kona Coffee Farmers Association, Kanalani Ohana Farm, and four individuals submitted testimony in opposition. The Department of Agriculture offered comments.

Your Committee finds that the Department of Agriculture is currently conducting a study on the effectiveness of existing Hawaii Administrative Rules regarding Kona coffee, as requested by Senate Concurrent Resolution No. 102, H.D. 1 (2007). The Department was requested to include “a thorough economic analysis of the probable impact of increasing the minimum content requirement to 50 percent upon each segment of the Kona coffee industry, and each segment of the coffee industry in other parts of the state, such as Ka`u and on islands other than the island of Hawaii.”

The resolution further requested the Department of Agriculture to “determine the fiscal impact that stricter labeling requirements or a uniform national labeling requirement standard will have on farmers of small coffee bean farms in Hawaii ... “ and “the fiscal impact that a uniform inspection and certification scheme for all Hawaii-grown coffee beans will have on growers of small coffee bean farms”.

Your Committee finds that funding support is required for the economic analysis and fiscal impact portions of the Department of Agriculture’s study. Accordingly, your Committee has amended this measure to:

- (1) Clarify that the Department of Agriculture is already undertaking a study of issues relating to Kona coffee, pursuant to Senate Concurrent Resolution No. 102, (2007), including an economic analysis and fiscal impact determinations and that these portions of the study require funding support;
- (2) Delete section 2 of the measure requiring the Department of Agriculture to study possible impacts of changes to current Kona coffee blend laws; and
- (3) Provide an appropriation to fund the economic analysis and fiscal impact portions of the Department of Agriculture's study currently being conducted pursuant to Senate Concurrent Resolution No. 102 (2007).

As affirmed by the record of votes of the members 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. 2905, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2905, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 10. Noes, none. Excused, 2 (Hooser, Tsutsui).

SCRep. 2864 Ways and Means on S.B. No. 2871

The purpose of this measure is to provide a community-based approach to monitoring fishery resources.

Specifically, this measure:

- (1) Establishes the maka'i o ke kai program to involve local communities in the management of Hawaii's near-shore fishery resources;
- (2) Establishes a process for communities that are interested in establishing a maka'i o ke kai programs to submit proposals for matching grants from the State for community-based marine management projects;
- (3) Establishes a Community-based Marine Resource Management Advisory Committee, consisting of community stakeholders, to advise the Department of Land and Natural Resources on matters related to near-shore fishery management and fisheries rules; and
- (4) Appropriates unspecified amounts for the maka'i o ke kai program and the Community-based Marine Resource Management Advisory Committee.

Testimony in support of this measure was submitted by the Conservation Council for Hawaii, the Ocean Tourism Coalition, Malama Hawaii, and two concerned individuals. Testimony in opposition to this measure was submitted by the Department of Land and Natural Resources.

Your Committee finds that the maka'i o ke kai program would be an effective community-based approach for engaging local communities in the management of marine resources in their community and would help to address community concerns regarding rules affecting near-shore fisheries. In addition, your Committee believes, that in the interest of including all stakeholders, the ocean tourism industry should be represented on the management advisory committee.

Accordingly, your Committee has amended this measure by:

- (1) Adding one seat to the Community-based Marine Resource Management Advisory Committee to be filled by a member of the Ocean Tourism Coalition; and
- (2) Making technical nonsubstantive amendments for the 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. 2871, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2871, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Inouye).

SCRep. 2865 Judiciary and Labor on S.B. No. 3075

The purpose of this measure is to protect public health and safety by allowing the Department of Health to conduct epidemiological investigations in a timely manner in order to contain and prevent outbreaks of dangerous diseases.

Specifically, this measure amends section 321-29, Hawaii Revised Statutes, to allow the Department of Health to collect samples necessary for epidemiologic investigations.

Your Committee received testimony in support of this measure from the Department of Health. The American Civil Liberties Union submitted testimony in opposition to this measure.

Your Committee finds that epidemiological investigations have been impeded by the refusal of individuals who do not allow Department of Health investigators access to property, or permission to obtain samples necessary for analysis. Your Committee further finds that the timely collection of plant, animal, food, or environmental samples is necessary for the Department to conduct effective investigations and protect the public from outbreaks of dangerous diseases. However, your Committee is concerned with the competing governmental and individual interests and finds it necessary to ensure that individuals will not be subject to unreasonable searches in violation of their privacy rights.

Accordingly, your Committee has amended this measure by clarifying that:

- (1) Reasonable cause must exist for the investigation of a disease that may threaten the public health;
- (2) The investigation is an "administrative investigation", independent of a criminal investigation;

- (3) The Department of Health must obtain consent from the owner, owner's agent, or person in lawful control of the property or an administrative investigation warrant to investigate the property;
- (4) There is an exception to the consent and warrant requirements when exigent circumstances that present imminent danger to public health and safety or the environment exist;
- (5) The investigation shall be limited to only those actions that are necessary to confirm or deny the cause which prompted the investigation;
- (6) When samples are taken as a result of the investigation, the department shall make split samples available to the person whose property is being investigated; and
- (7) A copy of the administrative investigation warrant and all supporting affidavits shall be provided to the person served or left at the entry of the investigated premises.

Your Committee further amended this measure by changing the effective date to encourage further discussions and by making technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor 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 Third Reading in the form attached hereto as S.B. No. 3075, S.D. 1.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2866 Judiciary and Labor on S.B. No. 2808

The purpose of this measure is to exempt from environmental assessment requirements:

- (1) Certain projects involving the use of state or county lands, or when the expenditure of state or county funds limited to an existing public street, road, or highway for an easement, drainage, waterlines, access improvements, utility right of way, or the like; and
- (2) Certain projects involving a modification or disposal of highway access rights or use, occupancy, or work within a public highway right-of-way to serve private development outside the highway right-of-way.

Testimony in support of this measure was submitted by the Department of Transportation; the City and County of Honolulu, Department of Planning and Permitting; the American Society of Civil Engineers; The Chamber of Commerce of Hawaii; the Contractors Association of Kaua'i; The Gas Company; the General Contractors Association of Hawaii; the Hawaii Developers' Council; Hidano Construction, Inc.; HSI Mechanical, Inc.; the Laborers Union Local 368; Maui Contractors Association; Miyake Concrete Accessories, Inc.; Ralph S. Inouye Co., Ltd.; the National Association of Industrial and Office Properties; and one individual. Testimony in opposition was received from Earthjustice; the Native Hawaiian Legal Corporation; the University of Hawaii Environmental Center; the Sierra Club, Hawai'i Chapter; and three individuals.

Your Committee notes that this measure expressly provides that it is not intended to be interpreted as exempting the entirety of a development project from environmental assessment requirements. Additionally, the proposed exemptions are inapplicable when the cumulative impact of certain planned successive actions is significant or when impacts may be significant due to the involvement of a particularly sensitive environment. Further, the proposed exemption for modification or disposal of highway access rights or use is inapplicable when a Land Use Commission or Board of Land and Natural Resources action is involved; when certain small acreages of land undisturbed by intensive human uses is involved; or when the use of certain plants and animals not established in Hawaii are involved.

Your Committee received a large number of comments from the public concerning this measure. Your Committee notes that this bill contains a one-year sunset date in light of a possible study of our State's environmental impact statement law. In this regard, some public street, road, or highway projects may warrant an environmental assessment while others may not. Your Committee also notes the measure's July 1, 2050 effective date to encourage further discussion.

Your Committee hopes that the parties in support and in opposition can work on their differences which will result in a compromise.

Your Committee amended this measure by removing the section 1 purpose clause.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor 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 Chair on behalf of the Committee. Ayes, 5. Ayes with Reservations, 2 (Gabbard, Kokubun). Noes, none. Excused, 1 (Hee).

SCRep. 2867 Judiciary and Labor on S.B. No. 2055

The purpose of this measure is to establish procedures and requirements for child custody evaluator training, and certification, and to establish related responsibilities for the board of family court judges and the courts.

Your Committee received testimony in support of this measure from the Hawaii State Coalition Against Domestic Violence, the National Association of Social Workers, Statewide VOICES, the State Commission on Fatherhood, and seven private individuals. Your Committee received comments on this measure from the Judiciary.

Your Committee notes the following comments and concerns expressed in the Judiciary's testimony:

- (1) Currently, finding resources within the Judiciary to provide certification and oversight, and to administer an administrative appeals process, would be difficult;
- (2) The Department of Commerce and Consumer Affairs might be a more appropriate oversight entity than the Judiciary;
- (3) The Family Court of the First Circuit has developed a specialized unit of social workers trained to provide custody evaluator services to indigent parties whose exemption from licensure requirements under section 467E-6(2), Hawaii Revised Statutes, might be impaired by the provisions of this measure; and
- (4) Because this bill precludes attorneys from serving as custody evaluators, it may make it more difficult for parties to find custody evaluators who meet the enumerated requirements. Although the Family Court of the First Circuit no longer maintains a list of possible custody evaluators, of the thirty-one who served as custody evaluators in the past, twenty-five were attorneys. In the Second, Third and Fifth Circuits, five out of twelve private custody evaluators are attorneys.

Accordingly, your Committee has amended this measure by:

- (1) Amending the definition of “child custody evaluator” to exclude social workers employed by the Judiciary, to retain the current exemption from licensure requirements under section 467E-6(2), Hawaii Revised Statutes, that applies to a specialized unit of Judiciary social workers trained to provide custody evaluator services to indigent parties;
- (2) Inserting an effective date of July 1, 2050, to allow for further discussion; and
- (3) Making technical nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2055, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2055, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (Hee).

SCRep. 2868 Judiciary and Labor on S.B. No. 2054

The purpose of this measure is to amend the best interest of the child criteria and procedures the family court must consider in making a custody or visitation determination concerning a minor child.

Testimony in support of this measure was submitted by the Hawaii State Coalition Against Domestic Violence, Statewide VOICES, State Commission on Fatherhood, and eight private individuals. Your Committee received comments from the Judiciary with a suggested additional amendment to the measure.

This measure recognizes the impact of domestic violence on determining the best interest of the child. Your Committee finds that the Committee on Human Services and Public Housing, in its review of this measure, disallowed consideration of each parent’s cooperation to meet the child’s ongoing needs, interests, and schedule, where family violence has been committed by a parent. Your Committee has considered the suggestion made by the Judiciary that a parent’s “willingness” to maintain family connections also should not be considered when domestic violence has been committed by a parent.

Accordingly, your Committee has amended this measure by:

- (1) Providing that each parent’s willingness to allow the child to maintain family connections through family events and activities shall not be considered in determining the best interest of the child, where the court has determined that family violence has been committed by a parent;
- (2) Inserting an effective date of July 1, 2050, to allow for further discussion; and
- (3) Making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2054, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2054, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Gabbard, Hee).

SCRep. 2869 Judiciary and Labor on S.B. No. 2730

The purpose of this measure is to establish a preference for grandparents or family members, when making out of home placements for children needing child protective services.

Your Committee received testimony in support of this measure from the Department of Human Services, the Office of Hawaiian Affairs, EPIC Ohana Conferencing, a former foster child, and a set of grandparents of former foster children. Comments on the measure were submitted by the Legal Aid Society of Hawaii and the Judiciary.

Your Committee finds that preserving relationships with family members is crucial to a child’s sense of safety, development, and well being. Accordingly, when children cannot be safely returned home to their parents, child welfare professionals should seek out and consider relatives who are willing and able to provide support and care. This includes seeking out blood relatives, such as grandparents, and hanai and lawe hanai parents.

Additionally, your Committee recognizes that relatives applying for foster custody need timely responses regarding their applications, and if their applications have been denied, the specific reasons for the denial, as well as information about how to proceed from there.

Accordingly, your Committee has amended this measure by:

- (1) Deleting the purpose section;
- (2) Defining “relative”, “lawe hanai parent” and “hanai parent”;
- (3) Requiring an out of home placement preference for appropriate “relatives”, as defined;
- (4) Requiring that reasonable efforts be made to identify all appropriate relatives within six months of departmental assumption of foster custody of a child;
- (5) Requiring, in finding a safe family home, consideration of the child’s extended family support system, including hanai and lawe hanai parents, and the attempts that have been made to find this support system;
- (6) Requiring written departmental response, within sixty days, to inquiries regarding a relative’s foster placement application, and if a denial was rendered, the inclusion of the reasons for the denial and administrative appeal information; and
- (7) Making technical, nonsubstantive amendments for the purposes of consistency, clarity, and style.

Your Committee also finds that relatives should be identified early in the child welfare process and that interested relatives should be provided with timely information regarding the foster parent that is being involved in the child’s life.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2730, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2730, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2870 Judiciary and Labor on S.B. No. 2395

The purpose of this measure is to improve the administration of the State’s language access law and enhance various county representation on the Language Access Advisory Council.

Specifically, the measure clarifies and adds definitions relating to language access to the language access law, adds a representative from each county to the Language Access Advisory Council, and designates the Executive Director of the Hawaii Civil Rights Commission or authorized representative as an ex-officio member of the Language Access Advisory Council.

Testimony in support of this measure was received from the Judiciary, Office of Language Access, Congress of Visayan Organizations, and the Hawaii Interpreter Action Network.

Your Committee finds that this measure will streamline and strengthen Hawaii’s language access law and will allow the Office of Language Access to be more effective in performing its functions, ensuring compliance with the law by providing meaningful access to essential government services to limited English proficient individuals.

Your Committee has amended this measure by:

- (1) Inserting in the provisions that authorize the appointment of county resident representatives to the Language Access Advisory Council, the requirement that the person have an interest in language access; and
- (2) Adding a representative from the Disability and Communication Access Board to the Language Access Advisory Council as an ex-officio member.

Your Committee also amended this measure by making technical, nonsubstantive changes for the purpose of clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2395, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2395, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Nishihara).

SCRep. 2871 Judiciary and Labor on S.B. No. 2170

The purpose of this measure is to include public beach parks in the definition of “improved public lands” to enable the State and counties to limit governmental liability for injuries caused by dangerous natural conditions on or near public beach parks.

Your Committee received testimony in support of this measure from the Maui County Council and the Hawaii County Council.

Your Committee finds that Act 82, Session Laws of Hawaii 2003, provided the State and the counties with the means to limit their liability for injuries that may be caused by dangerous natural conditions found on public lands.

Your Committee finds that dangerous natural conditions exist within or abut some of the State’s or counties’ beach parks, including dangerous natural conditions such as cliffs, large trees, boulders, and deep streams and rivers.

Your Committee has amended this measure by changing the effective date to July 1, 2050, for the purpose of facilitating further discussion.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2170, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2170, S.D. 1.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (Hee).

SCRep. 2872 (Majority) Judiciary and Labor on S.B. No. 2366

The purpose of this measure is to improve safety while driving on the State's roadways by prohibiting text messaging while driving.

Specifically, this measure would prohibit writing, reading, or sending text messages on an electronic wireless communications device while driving a motor vehicle. The measure makes exceptions for emergency vehicles, reporting emergencies, receiving emergency alerts, messages relating to the operation of the motor vehicle, or navigation system messages.

Late testimony in support of this measure was submitted by a concerned individual.

Your Committee finds that the practice of writing, sending, and reading text messages while driving creates a safety hazard. "Text messaging" distracts a driver and makes a driver dangerous to themselves and to other persons on the road. Your Committee believes that prohibiting the practice of "text messaging" while driving will improve driver safety in Hawaii.

Upon further consideration, your Committee finds that this measure should clarify that the prohibition will apply to e-mails as well as text messages. Your Committee further finds that a violation should occur only if the driver is involved in an accident as a result of writing, sending, or reading a text message or e-mail, and the driver should have the burden of proving that the driver was not text messaging or emailing at the time of the accident.

To address issues raised that the law enforcement agency may have difficulty proving its case, your Committee has limited issuance of citation to situations where there is an accident and places the burden on the driver to prove that there was no text messaging or emailing.

Accordingly, your Committee has amended this measure as follows:

- (1) By clarifying that the prohibition applies to sending, writing, and receiving e-mails as well as text messages;
- (2) By clarifying that a violation occurs only if the driver is involved in an accident, and that the driver bears the burden of proving that the driver was not text messaging or e-mailing at the time of the accident;
- (3) By changing the effective date to January 1, 2050, to facilitate further discussion on this issue; and
- (4) By making technical nonsubstantive amendments to this measure for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2366, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2366, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, 1 (Slom). Excused, 2 (Hee, Nishihara).

SCRep. 2873 Judiciary and Labor on S.B. No. 2334

The purpose of this measure is to repeal the exemption from civil service for the positions of First and Second Deputy Sheriffs and also to require that the Deputy Director for Law Enforcement and the Sheriff be graduates of a law enforcement academy.

Testimony in support of this measure was submitted by the Hawaii Government Employees Association and one individual. Testimony in opposition of this measure was submitted by the Department of Public Safety.

Your Committee finds that the Sheriff Division, within the Department of Public Safety, lacks sufficient experienced upper management personnel. Making the positions of First and Second Deputy Sheriffs subject to civil service will provide more stability in management and more effective administration of the Division.

Your Committee further finds that requiring the Deputy Director for Law Enforcement and the Sheriff to be graduates of a law enforcement academy is an appropriate experiential and educational requirement to promote effective law enforcement management.

Your Committee has amended this measure by changing the effective date to July 1, 2050 for the purpose of facilitating further discussion.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2334, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2334, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 1 (Hee).

SCRep. 2874 Judiciary and Labor on S.B. No. 2554

The purpose of this measure is to:

- (1) Amend the definition of "display fireworks" to include fireworks designated as UN0334 by the United States Department of Transportation;
- (2) Prohibit throwing ignited fireworks at a person or animals; and
- (3) Prohibit minors from selling fireworks.

Testimony in support of this measure was submitted by the State Fire Council and the Legislative Information Services of Hawaii.

Under present law, section 132D-3(1), Hawaii Revised Statutes (HRS), consumer fireworks may be purchased and used, with a permit, at specified times on three specific days during the year, namely, New Year's Eve, Chinese New Year's Day, and the Fourth of July. However, individuals may purchase fireworks at other times of the year for certain cultural purposes, such as lion dance ceremonies. While a permit and payment of a fee presently is required for these purposes as well, there has been some confusion in

this regard. This measure clarifies that when fireworks are purchased and used for these purposes, a permit and payment of a fee is required.

Your Committee notes that there are cultural uses of consumer fireworks at times other than the three designated holiday periods described in section 132D-3, HRS. Your Committee realizes the need to address the other 362 days of the year and have the permit and fee requirement also apply to those days.

Your Committee has amended this measure by:

- (1) Requiring a permit and \$25 fee for the purchase and use of consumer fireworks for cultural uses that occur at any time other than during the periods prescribed in section 132D-3(1), HRS;
- (2) Clarifying and making technical amendments suggested by the State Fire Council and Legislative Information Services of Hawaii; and
- (2) Making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2554, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2554, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2875 Judiciary and Labor on S.B. No. 2065

The purpose of this measure is to protect landowners from liability from any damages occurring outside of their land which may have been caused by naturally occurring land failures.

Your Committee received testimony in support of this measure from the Department of the Attorney General, the Department of Land and Natural Resources, the City and County of Honolulu Department of Corporation Counsel, and Kamehameha Schools.

Your Committee finds that this measure removes the liability exposure for naturally occurring movement of unimproved lands owned by private conservation landowners and encourages them to preserve, maintain, and prudently manage their conservation lands in the lands' natural state.

Your Committee has amended this measure by deleting section 1 and making a technical, nonsubstantive amendment for the purpose of clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2065, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2065, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 5. Ayes with Reservations, 1 (Slom). Noes, none. Excused, 1 (Hee).

SCRep. 2876 Judiciary and Labor on S.B. No. 2063

The purpose of this measure is to provide for a graduated increase in the fine for exhaust pipes or mufflers that increase the noise emitted by a moped, motorcycle, or motor vehicle.

Testimony in support of this measure was received from one individual.

Your Committee finds that exhaust system modifications resulting in amplification of the noise emitted by mopeds and motorcycles is of particular nuisance to the community. This can be a serious problem affecting many neighborhoods throughout the State, especially in densely populated areas and in the late night and early morning hours.

Your Committee has amended this measure by:

- (1) Deleting provisions relating to motor vehicles;
- (2) Making the graduated increase in fines applicable only to mopeds;
- (3) Changing its effective date to July 1, 2050; 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 Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2063, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2063, S.D. 1.

Signed by the Chair on behalf of the Committee. Ayes, 4. Ayes with Reservations, 1 (Nishihara). Noes, none. Excused, 2 (Hee, Kokubun).

SCRep. 2877 Ways and Means on S.B. No. 2486

The purpose of this measure is to include water and irrigation systems as a use for the special land and development fund.

Your Committee heard a proposed S.D. 2 draft that establishes a Molokai irrigation system special fund for the irrigation water system on Molokai and creates a Molokai irrigation system water users board with extensive powers and duties parallel to those of the board of agriculture to oversee the fund. The proposed S.D. 2 draft also repeals the existing Molokai irrigation system water users advisory board.

Your Committee received testimony in support of the proposed S.D. 2 draft from the Office of Hawaiian Affairs and one individual. The Departments of Agriculture and Budget and Finance, Molokai Farm Bureau, Molokai Irrigation System Water Users Advisory Board, and one individual submitted testimony in opposition. The Department of Hawaiian Home Lands, Office of the Auditor, and Hoolehua Homestead Farmers offered comments. Your Committee acknowledges that additional commentary was heard by your Committee from an individual providing oral comments in support of the measure.

Your Committee finds that the proposed S.D. 2 is a more appropriate vehicle to implement the recommendations of the Auditor's Report No. 08-03 of February 2008, entitled Financial and Management Audit of the Molokai Irrigation System.

Accordingly, to more closely align the measure with the Auditor's recommendations, your Committee has deleted the contents of the original proposed measure and replaced it with the modified contents of the proposed S.D. 2, which:

- (1) Amend the existing Molokai irrigation system water users advisory board to increase board membership by adding one homestead farmer and by making technical nonsubstantive amendments relating to the appointment of members;
- (2) Creates a subaccount within the irrigation system revolving fund to facilitate increased transparency to assure the appropriate operation of the revolving fund as it relates to deposits and expenditures for the Molokai irrigation system;
- (3) Requires the Molokai irrigation system water users advisory board to develop, in conjunction with the Board of Agriculture, a definition of "homestead farmer";
- (4) Requires the advisory board to report to the Legislature prior to the 2009 regular session, on the progress made toward implementing the objectives outlined in the "Roadmap to Improvement" document generated as a result of meetings between the Board of Agriculture and the Molokai community. The report shall include a timeline for implementation; and
- (5) Appropriates an unspecified amount to the Department of Agriculture to further address the repair and maintenance needs of the Molokai irrigation 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. 2486, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2486, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (English).

SCRep. 2878 (Majority) Judiciary and Labor on S.B. No. 2341

The purpose of this measure is to require out-of-state detention facilities holding Hawaii prisoners under a contract with the State to make public information about the operation of the prison.

Specifically, this measure:

- (1) Provides that an entity contracting with the State to house prisoners from Hawaii shall have the same duty to release information that a state agency operating such a facility in Hawaii would have under chapter 92F, Hawaii Revised Statutes (HRS);
- (2) Affords any party aggrieved by a violation the same remedies against the contracting entity as provided against government agencies pursuant to chapter 92, HRS; and
- (3) Provides exemptions for certain sensitive or confidential government records pursuant to section 92F-13, HRS, and for trade secrets as defined in section 482B-2, HRS.

Testimony in support of this measure was submitted by the American Civil Liberties Union of Hawaii; The Drug Policy Forum of Hawaii; Community Alliance on Prisons; and two private citizens. Testimony in opposition to this measure was submitted by the Department of Public Safety. Comments were submitted by the Office of Information Practices.

Your Committee finds that this measure will provide accountability and transparency to the public regarding the services provided by a vendor for any contract made with the State to house Hawaii prisoners out-of-state.

This will assist the public in understanding how State funds are being spent and in assessing how the out-of-state detention facility is being operated and managed, and whether the vendor is living up to its contractual responsibilities. This access to information, along with the remedial avenues afforded, will go a long way towards ensuring that Hawaii's inmates receive adequate and fair treatment while incarcerated in out-of-state detention facilities.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2341, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 3. Noes, 1 (Slom). Excused, 2 (Hee, Kokubun).

SCRep. 2879 Judiciary and Labor on S.B. No. 2895

The purpose of this measure is to extend to equine animals some of the protections accorded to pet animals under the laws relating to cruelty to animals.

Specifically, the measure protects horses and related animals by making it a class C felony to harm equine animals in such a way that results in serious bodily injury or death.

Testimony supporting this measure was received from one private individual, and late testimony was received from Compassion for Animals.

Your Committee believes that horses belong under the protection of law and that adding equine animals to the list of animals protected under the animal cruelty law reflects the fact that companion animals come in all shapes and sizes.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2895, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Nishihara).

SCRep. 2880 Judiciary and Labor on S.B. No. 2396

The purpose of this measure is to protect the health and safety of mental health professionals employed by the Hawaii State Hospital.

Specifically, this measure:

- (1) Expands the offense of assault in the second degree to include intentionally or knowingly causing bodily injury to a person employed at a state-operated or –contracted mental health facility; and
- (2) Defines “a person employed at a state-operated or -contracted mental health facility” to include health care professionals as defined in section 451D-2, Hawaii Revised Statutes, administrators, orderlies, security personnel, volunteers, and any other person who is engaged in the performance of a duty at or who is within a state-operated or –contracted mental health facility.

The Department of Health and the Hawaii Government Employees Association submitted testimony in support of this measure.

According to the Bureau of Labor Statistics, health care workers are sixteen times more likely than other workers to experience violence and have significantly higher rates of nonfatal assaults while at work. Nurses are often the primary targets of nonfatal assaults, with psychiatric nurses experiencing the highest rate of assault. Violence against nurses can range from verbal abuse and threats to physical assault and even homicide.

Under the law, a perpetrator who intentionally and knowingly assaults a correctional or educational worker who is engaged in the performance of the worker’s duty or within a correctional or educational facility could face a possible class C felony charge. However, the same assault upon a person employed at a mental health facility would generally be a misdemeanor. Your Committee finds that this measure will align legal treatment of victims who are employed at a state-operated or state-contracted mental health facility with correctional, educational, and emergency medical personnel.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2396, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 2 (Hee, Nishihara).

SCRep. 2881 Ways and Means on S.B. No. 2977

The purpose of this measure is to assist the child support enforcement agency to implement federally mandated requirements and streamline the child support enforcement process in the State.

Specifically, this measure:

- (1) Clarifies the notice requirement to custodial parents regarding state income tax refund setoffs relating to a child support order for medical payments;
- (2) Creates an assistant administrator position for policy and planning purposes; and
- (3) Enables the child support enforcement agency to:
 - (A) Request an administrative hearing on its own behalf after commencement of an administrative proceeding under section 576E-5; and
 - (B) Sign proposed administrative orders when no request for an administrative hearing is made; and
 - (C) Transfer two full-time equivalent positions, which perform similar functions, from the county of Kauai to the Department of the Attorney General.

Your Committee finds that this measure should enhance the effectiveness of the child support enforcement agency.

As affirmed by the record of votes of the members 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. 2977, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Inouye).

SCRep. 2882 Ways and Means on S.B. No. 2831

The purpose of this measure is to appropriate funds to the University of Hawaii Center on Aging Research and Education for faculty positions and program expenses.

More specifically, the measure appropriates funds for the center to carry out its mission of assuring the well-being of the State’s older adults.

Testimony in support of this measure was submitted by the University of Hawaii, the Policy Advisory Board for Elder Affairs, the Kokua Council, the Hawaii Aging Advocates Coalition, and one private citizen.

Your Committee finds that the joint legislative committee on family caregiving was established under Act 285, Session Laws of Hawaii 2006, to develop a comprehensive public policy to strengthen support for family caregivers in Hawaii. Your Committee

supports the joint committee's recommendations to partner with the University of Hawaii to expand research, education, and training efforts in order to build a family caregiver and "aging in place" support system 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 S.B. No. 2831, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (English).

SCRep. 2883 Ways and Means on S.B. No. 2901

The purpose of this measure is to appropriate funds to the Department of Defense for repair and improvement to veterans cemeteries among the four counties.

Your Committee received testimony in support of this measure from the Kauai County Council, the Kauai Veterans Council, the Mayor of the County of Kauai, and a concerned citizen. Comments on the measure were received from a concerned citizen.

Your Committee finds that veterans cemeteries across the State, particularly on the neighbor islands, are in chronic disrepair. The funds appropriated in this measure will provide necessary maintenance and upkeep 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. 2901, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Inouye).

SCRep. 2884 Ways and Means on S.B. No. 3182

The purpose of this measure is to authorize extended prison sentences for offenders who commit felonies against good samaritans.

Specifically, this measure would authorize the imposition of an extended prison sentence where an offender commits a felony against a good samaritan who intervenes in the commission of certain crimes by using justifiable force, contacts proper authorities, or uses other lawful means to help the victim of the crime.

Testimony in support of this measure was submitted by the Department of the Attorney General.

Your Committee finds that people who come to the aid of victims may place themselves in danger of being harmed by the perpetrator of the crime. Protection should be provided for these "good samaritans".

As affirmed by the record of votes of the members 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. 3182, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (English).

SCRep. 2885 Ways and Means on S.B. No. 2088

The purpose of this measure is to allow businesses engaged in commercial aviation training for pilots, dispatchers, mechanics, or traffic controllers to be eligible to participate in the state enterprise zone partnership program.

More specifically, the measure expands the definition of "qualified business" under the state enterprise zone law to include businesses engaged in advanced flight simulator training for pilots, dispatchers, mechanics, or air traffic controllers.

Testimony in support of the measure was received from two private citizens. The Department of Taxation, the Department of Business, Economic Development, and Tourism, and the University of Hawaii System submitted comments.

Your Committee finds that this measure provides an incentive for the private sector to invest in expensive flight training materials and equipment needed by flight schools, which is an investment that should, in turn, make training more available and affordable for prospective students.

As affirmed by the record of votes of the members 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. 2088, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (English).

SCRep. 2886 Ways and Means on S.B. No. 2816

The purpose of this measure is to alleviate ferry transportation difficulties for residents of counties reliant on intra-county ferry services.

Specifically, this measure:

- (1) Requires the Department of Land and Natural Resources to assign priority mooring space to intra-county ferries serving a county with five hundred thousand or fewer people and consisting of at least three islands inhabited by permanent residents; and
- (2) Exempts distributors from fuel tax for fuel sold for ultimate use by the intra-county ferry services.

The Board of Land and Natural Resources, Department of Taxation, Department of Transportation, and Tax Foundation of Hawaii submitted comments.

West Maui residents are served by only one two-lane highway and one small airport. The residents of the island of Lana'i have only one affordable and frequent means of transport to Maui, which is the intra-county ferry from Lana'i to Lahaina. A more convenient route for Lana'i travelers will be to dock in Ma'alaea. This measure will assign priority mooring space to an intra-island ferry serving a route between Lana'i and Ma'alaea harbor and exempt the added fuel costs of this route from the fuel tax.

Your Committee finds that an alternative ferry route from Lana'i to Ma'ālaea harbor will also benefit West Maui residents by easing congestion in and around Lahaina and its small boat harbor. The alternate route to Ma'ālaea will also facilitate emergency ferry operations out of Lahaina if the highway in West Maui is closed for some reason.

As affirmed by the record of votes of the members 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. 2083, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 12. Noes, none. Excused, none.

SCRep. 2887 Ways and Means on S.B. No. 2394

The purpose of this measure is to clarify the awards procedures for federal small business innovation research grants and federal small business technology transfer program grants.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism and the High Technology Development Corporation.

Your Committee finds that this measure provides the High Technology Development Corporation with increased flexibility to award grants to stimulate the growth of small businesses involved with high technology 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 S.B. No. 2394 and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Inouye).

SCRep. 2888 Ways and Means on S.B. No. 2605

The purpose of this measure is to increase the election fund contribution amount on state income tax returns for campaign spending purposes.

More specifically, the measure increases, from \$2 to \$3, the income tax check-off amount that a state taxpayer may elect to be deposited into the Hawaii election campaign fund from that taxpayer's tax liability.

Testimony in support of the measure was received from the Campaign Spending Commission. The Department of Taxation and the Tax Foundation of Hawaii submitted comments.

Your Committee finds that the tax check-off is the primary source of funding for the Hawaii election campaign fund. Your Committee believes that this measure will increase the amount of partial public funding available to candidates without creating a second system of public financing.

As affirmed by the record of votes of the members 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. 2605, S.D. 1, and recommends that it pass Third Reading.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Inouye).

SCRep. 2889 Ways and Means on S.B. No. 2850

The purpose of this measure is to establish and appropriate funds for the Department of Agriculture's biosecurity program.

The measure also appropriates funds for planning interim and permanent joint inspection biosecurity facilities.

Your Committee received testimony in support of the measure from the Department of Agriculture, the Department of Land and Natural Resources, the Coordinating Group on Alien Pest Species, the Nature Conservancy of Hawaii, the Conservation Council for Hawaii, the Hawaii Farm Bureau Federation, and the Hawaii Crop Improvement Association.

Your Committee finds that invasive pests can cause millions of dollars in crop losses, the extinction of native species, the destruction of native forests, the spread of disease, and the quarantine of exported agricultural crops.

Despite efforts to detect and eradicate invasive species, the State is constantly at risk from insects, disease-bearing organisms, snakes, weeds, and other invasive pests that attempt to enter our State each year. In response to this threat, the Department of Agriculture has created a biosecurity program to fight invasive species on several fronts by:

- (1) Administering pre-entry measures to minimize the risk of invasive pests entering the State;
- (2) Conducting port-of-entry inspections to detect and quarantine or destroy pests upon arrival; and
- (3) Administering post-entry measures to mitigate the establishment of pests in the State.

Your Committee finds that the codification of the department's biosecurity program is vital to the public's health and welfare.

Your Committee has amended the measure by:

- (1) Amending the proposed section 150A-G of the measure to correct the reference to section "150A-E" to read section "150A-F", Hawaii Revised Statutes;
- (2) Adopting clarifying language recommended by the Department of Agriculture; and
- (3) Making other technical amendments 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. 2850, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2850, S.D. 2.

Signed by the Chair on behalf of the Committee. Ayes, 11. Noes, none. Excused, 1 (Whalen).

SCRep. 2890 Transportation and International Affairs on Gov. Msg. No. 257

Recommending that the Senate advise and consent to the nomination of the following:

DIRECTOR OF THE DEPARTMENT OF TRANSPORTATION

G.M. No. 257 BRENNON MORIOKA, for a term to expire 12-06-2010

Your Committee reviewed the personal history, resume, and statement submitted by the nominee, and finds Brennon Morioka to have the necessary qualifications to be nominated as the Director of the Department of Transportation.

Your Committee received testimony in support of Brennon Morioka from a member of the House of Representatives; the Chief of Staff to the Governor; the state Comptroller; the Chairperson of the Board of Agriculture; the Chief Marketing Officer of the Department of Business, Economic Development, and Tourism; the Director of Commerce and Consumer Affairs; the state Adjutant General; the Chairman of the Hawaiian Homes Commission; the Deputy Director of Human Resources Development; the Director of Labor and Industrial Relations; the Chairperson of the Board of Land and Natural Resources; three Deputy Directors of Transportation; the Chancellor of the University of Hawai'i – West Oahu; and the Office of Hawaiian Affairs. Testimony in support was also received from the Executive Director of the Oahu Metropolitan Planning Organization; two members of the City Council of the City and County of Honolulu; the Mayor of the County of Hawai'i; the Mayor of the County of Kauai; a member of the Kauai County Council; and two members of the Maui County Council.

Additional supportive testimony was submitted by Aloha Airlines; Hawaiian Airlines; United Airlines; Hawaii Superferry; Horizon Lines, LLC; Matson Navigation Company; Young Brothers, Limited; Roberts Hawaii, Inc.; the Airlines Committee of Hawaii; Airport Concessionaires Committee; Catrala-Hawaii; Greeters of Hawaii; Hawaii Transportation Association; Hawaii Harbor Users Group; Hawaii Bicycling League; and Peoples Advocacy for Trails Hawai'i.

Testimony in support was also received from The Chamber of Commerce of Hawaii; the Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO; AARP Hawaii; the American Council of Engineering Companies of Hawaii; the American Society of Civil Engineers; the Coalition of Hawaii Engineering & Architectural Professionals; the Cement and Concrete Products Industry of Hawaii; the General Contractors Association of Hawaii; the Hawaii Building and Construction Trades Council, AFL-CIO; the Hawaii Operating Engineers Industry Stabilization Fund; and The Pacific Resource Partnership.

Further testimony in support included Alexander & Baldwin, Inc.; AMPCO System Parking; Becker Communications, Inc.; CGI Technologies and Solutions, Inc.; Castle & Cooke Hawai'i; DFS Group, LP; The Gas Company; Jas. W. Glover, Ltd.; Grace Pacific Corporation; HMSHost Corporation; Hellmuth, Obata & Kassabaum, Inc.; Ralph S. Inouye Co., Ltd.; KFC Engineering Management, Inc.; KFC Airport, Inc.; KYA Design Group, Inc.; Kapolei Property Development LLC; Kobayashi Group LLC; Lea + Elliot, Inc.; Parsons Transportation Group, Inc.; Sandwich Isles Communications, Inc.; Stanford Carr Development, LLC; Ushijima Architects, Inc.; Weyerhaeuser, Hawaii; and over twenty individuals.

Brennon T. Morioka, Ph.D., P.E., is a licensed civil engineer who began his career in 1992. During that time, he has worked on transportation-related projects for various governmental agencies, including the United States Department of Defense, the state Department of Transportation, and the City and County of Honolulu. Projects included trenchless installation of sewer, water, telecommunication, and drainage lines; telescope foundations on Mauna Kea; resort hotel grading plans and building foundations; design and management of projects to build new submarine and naval piers and bulkheads; airport runways and hangars; and numerous aspects of road construction.

Mr. Morioka holds both a B.S. and M.S. in Civil Engineering from the University of California, Berkeley; and a Ph.D. in Civil Engineering from the University of Hawai'i, where he served as a research and teaching assistant and lecturer from 1995 to 2002. He has also published and presented numerous papers on transportation and other topics.

Mr. Morioka serves as a member of the Hawaii State Earthquake Advisory Committee, the Industry Advisory Committee of the University of Hawai'i College of Engineering, and as the Geotechnical Committee Chair of the American Society of Civil Engineers, among other professional organizations. He was honored as the Young Engineer of the Year, State of Hawaii, in 2001, and was the U.S. Delegate to the 1st International Young Geotechnical Engineers Conference, held in the United Kingdom in 2000.

Mr. Morioka joined the Department of Transportation (Department) as the Deputy Director for the Highways Division in January of 2005. In his testimony before your Committee, Mr. Morioka stressed his satisfaction in seeing many of the Department's major highway projects come to fruition, and his commitment to the continued improvement of the State's highway system. He also noted that while he is very comfortable with the engineering and development aspects of highway programs, he recognizes there is much to learn about airports and harbors, and he commended the Department's deputies, managers, and staff for their willingness to spend the time to "bring him up to speed".

Mr. Morioka believes his experience in the private sector serves him well in government, as he tends to look at the Department's operations from a business perspective as well as that of a member of the public. As he stated in his commitment to the importance of the Department's projects and the urgency with which they must be approached, "time is money, whether in actual monetary terms or the time we spend away from our families as we sit in traffic."

Mr. Morioka responded to numerous questions and comments from Committee members, ranging from additional revenue sources for the State Highway Fund, the lapsing of past capital improvement project funds, project delivery times, roadway graffiti, and the recent rash of copper thefts that have left commuters in the dark on major highway routes.

Your Committee thanked Mr. Morioka for his commitment and his ability to “build bridges” among his constituencies, as witnessed by the comments of so many testifiers on his accessibility. Your Committee also acknowledged the momentous projects facing the Department, from the ongoing airports and harbors modernization plans to expanded options for ground transportation, and the importance of continuing the collaborative work between Mr. Morioka, the Department, and the Legislature.

As affirmed by the record of votes of the members of your Committee on Transportation and International Affairs that is attached to this report, your Committee, after full consideration of the background, 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 Chair on behalf of the Committee. Ayes, 7. Noes, none. Excused, none.

SCRep. 2891 Water and Land on Gov. Msg. Nos. 426 and 427

Recommending that the Senate advise and consent to the nominations of the following:

KAUA'I AQUATIC LIFE AND WILDLIFE ADVISORY COMMITTEE

G.M. No. 426 GEORGE R. COATES, for a term to expire 6-30-2012; and

G.M. No. 427 ELTON S. USHIO, for a term to expire 6-30-2012

Upon review of the background information submitted by the nominee, your Committee finds that George R. Coates attended Chabot College in Hayward, California where he majored in Marine Biology with a Russian History minor. Mr. Coates is a master instructor with the Hawaii Hunter Education Program and a instructor at the Hawaii Hunter Education and Safari Club International Annual Camp. He is currently a licensed real estate salesperson with Aloha Island Properties.

Testimony in support of George R. Coates was submitted by the Department of Land and Natural Resources and the Mayor of the County of Kaua'i.

Upon review of the background information submitted by the nominee, your Committee finds that Elton S. Ushio received a Bachelor of Business Administration degree from the University of Hawaii at Manoa. Mr. Ushio presently works as the Grant Coordinator for the County of Kauai Civil Defense Agency. He is a volunteer instructor and master instructor with the Hawaii Hunter Education Program and is a National Rifle Association trained Range Safety Officer. He has been a member of the Kauai Aquatic Life and Wildlife Advisory Committee from 1994-2002, and 2004-present. He served as the Chairperson from 1998-2002.

Testimony in support of Elton S. Ushio was submitted by the Department of Land and Natural Resources, the Mayor of the County of Kaua'i, and one individual.

Your Committee considered each nominee's submittals regarding their desire to serve, perception of the role and responsibilities of membership, qualifications for membership, and goals for the nominees' term of service on the Kauai Aquatic Life and Wildlife Advisory Committee. Your Committee believes that the nominees adequately addressed the Committee's concerns as to these topics.

As affirmed by the records of votes of the members of your Committee on Water and Land that are attached to this report, your Committee, after full consideration of the background, 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 Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Fukunaga).

SCRep. 2892 Water and Land on Gov. Msg. No. 429

Recommending that the Senate advise and consent to the nomination of the following:

KANEOHE BAY REGIONAL COUNCIL

G.M. No. 429 BONNIE K. KAHAPEA-TANNER, for a term to expire 6-30-2012

Upon review of the background information submitted by the nominee, your Committee finds that Bonnie K. Kahapea-Tanner is presently a teacher and project coordinator at the Halau Ku Mana Public Charter School. She holds an Associate Degree in Liberal Arts from Windward Community College, a Bachelor of Arts in Hawaiian Studies from the University of Hawaii at Hilo, and a Masters of Science in Counseling Psychology from Chaminade University. She is presently seeking a doctorate degree in Humanities from the California Institute of Integral Studies. She is being nominated for reappointment to the Kaneohe Bay Regional Council as a representative of the Kaneohe Bay Boating Association.

Ms. Kahapea-Tanner was born and raised in Kaneohe and is a frequent user of Kaneohe Bay. For the past ten years, Ms. Kahapea-Tanner has been involved with the Makali'i Voyaging Canoe. In 1999, she served as a crew member on the Makali'i's voyage to Micronesia, which covered over 4,000 miles across the Pacific Ocean in honor of Master Navigator Mau Piailug.

Testimony in support of Ms. Kahapea-Tanner was submitted by the Department of Land and Natural Resources and two individuals.

Your Committee reviewed the statement submitted by the nominee expressing her desire to serve on the Kaneohe Bay Regional Council, perception of the role and responsibilities of membership, and qualifications for membership. Your Committee believes that Ms. Kahapea-Tanner's continued service on the Council will benefit both the Council and the constituency she represents.

As affirmed by the record of votes of the members of your Committee on Water and Land that is attached to this report, your Committee, after full consideration of the background, 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 Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Fukunaga).

SCRep. 2893 Water and Land on Gov. Msg. No. 432

Recommending that the Senate advise and consent to the nomination of the following:

LEGACY LAND CONSERVATION COMMISSION

G.M. No. 432 JOAN E. CANFIELD, for a term to expire 6-30-2012

Upon review of background information submitted by the nominee, your Committee finds that Joan E. Canfield holds a Bachelor of Arts in Biology from Oberlin College, a Master of Science in Botany; Plant Ecology from the University of Washington, and a Doctorate in Botany; Plant Ecology from the University of Hawaii. She is presently on the Affiliate Graduate Faculty at the University of Hawaii at Manoa, Department of Botany and Ecology, Evolution and Conservation Biology Program. Dr. Canfield previously served as Deputy Director of the U.S. Geological Survey, Biological Resources Division.

Testimony in support of the nominee was submitted by the U.S. Geological Survey, Department of Land and Natural Resources, and two individuals.

Your Committee questioned the nominee and received responses regarding the nominee's desire to serve, perception of the role and responsibilities of membership, qualifications for membership, and goals for the nominee's term of service on the Legacy Land Conservation Commission. Your Committee finds that the nominee adequately responded to the Committee's inquiry and demonstrated adequate knowledge of and a commitment to work towards the goals of the Commission.

As affirmed by the record of votes of the members of your Committee on Water and Land that is attached to this report, your Committee, after full consideration of the background, 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 Chair on behalf of the Committee. Ayes, 4. Noes, none. Excused, 1 (Fukunaga).

SCRep. 2894 Water and Land on Gov. Msg. No. 433

Recommending that the Senate advise and consent to the nomination of the following:

NATURAL AREA RESERVE SYSTEM COMMISSION

G.M. No. 433 DALE BRIAN BONAR, for a term to expire 6-30-2012

Upon review of background information submitted by the nominee, your Committee finds that Dale Brian Bonar holds a Bachelor of Arts degree in Biology from Whitman College, a Master of Science degree in Marine Science from University of the Pacific, and a Doctorate degree in Zoology from the University of Hawaii. He is presently employed as the Executive Director of Maui Coastal Land Trust.

Testimony in support of Dale Brian Bonar's reappointment to the Natural Area Reserve System Commission was submitted by the Department of Land and Natural Resources, U.S. Geological Survey, and three individuals.

Based upon the information presented by the nominee as well as the testimony in support of his nomination, your Committee believes that the nominee possesses adequate knowledge of and a commitment to work towards the goals of the Natural Area Reserve System Commission.

As affirmed by the record of votes of the members of your Committee on Water and Land that is attached to this report, your Committee, after full consideration of the background, 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 Chair on behalf of the Committee. Ayes, 3. Noes, none. Excused, 2 (Fukunaga, Kokubun).

SCRep. 2895 Intergovernmental and Military Affairs on Gov. Msg. Nos. 398, 399, 400 and 401

Recommending that the Senate advise and consent to the nominations of the following:

ADVISORY BOARD ON VETERANS' SERVICES

G.M. No. 398 LUIS ALEJANDRO PARKER, for a term to expire 6-30-2008;

G.M. No. 399 LUIS ALEJANDRO PARKER, for a term to expire 6-30-2012;

G.M. No. 400 LLOYD K. SODETANI, for a term to expire 6-30-2012; and

G.M. No. 401 ANNE V. STEVENS, for a term to expire 6-30-2012

Your Committee received testimony in support of Luis Alejandro Parker from the State Department of Defense; Ewa by Gentry Community Association; Vietnam Veterans of America; and two individuals.

The nominee is being appointed to serve out a term to expire on June 30, 2008, and being reappointed to another term to expire on June 30, 2012. He represents the Oahu/Veteran appointment.

Mr. Alejandro received a B.A. degree from the University of West Florida. He is retired from the United States Air Force, graduating from the U.S. Air Force Non-Commissioned Officers Academy. Mr. Alejandro served from 1998 to 2007 as a Vietnam Veterans Advocate for the Vietnam Veterans of America, Oahu Chapter 858, which he founded. He was most recently employed by Kaiser Permanente in Honolulu as a supervisor in diagnostic imaging and records. Mr. Alejandro is a member of the Veterans of Foreign Wars Post 1540, among other military veterans organizations of which he belongs. He also served in the United States Marine Corps and received a Purple Heart.

Your Committee notes from the testimony of the State Department of Defense that the nominee “has created a whirlwind of action in providing information to the Board concerning veterans’ activities as an advocate to veterans.” Your Committee further notes from the nominee’s personal statement that problems can be solved if the right people have the right attitude and tools necessary to do the right thing. Of particular interest to your Committee is Mr. Alejandro’s written answer to the Committee’s written questions that, “We also need to take care of our veterans once they pass on by providing top-quality cemeteries with enough resources to maintain them at the highest possible standard.”

Your Committee received testimony in support of Lloyd K. Sodetani from the State Department of Defense.

The nominee represents the Maui/Veteran appointment. Mr. Sodetani received a B.A. degree from the Washburn University of Topeka and an M.B.A. degree from the University of Hawaii. He also completed the program at the University of Hawaii Graduate Realtor Institute and the Realtors National Marketing Institute. He is a certified real estate broker manager and the President of Maui Realty Co., Inc.

Mr. Sodetani retired in 1999 with the rank of colonel from the United States Army Reserve. He was honorably discharged in 1972 from active duty. Mr. Sodetani’s military awards and ribbons include the Legion of Merit; Meritorious Service Medal with Oak Leaf Cluster; Army Commendation Medal; National Guard Commendation Medal; Hawaii National Guard Service Medal; National Defense Service Ribbon; Army Reserve Component Ribbon; USA Oversea Training Ribbon (7); Army Service Ribbon; Armed Forces Reserve Ribbon (6); Army Overseas Service Ribbon; and Joint Service Unit Citation. He belongs to numerous professional and community organizations on Maui.

Your Committee notes from the testimony of the State Department of Defense that, “Mr. Sodetani has been extremely active with the veterans on the county of Maui. While working as a veteran advocate on Maui, he identifies issues that are affecting these veterans and suggests alternative approaches to OVS to help ensure veterans receive their much-needed benefits. Mr. Sodetani has also taken the initiative to help begin planning for the Maui Veterans to obtain a Maui Veterans Center.” Your Committee further notes from the nominee’s written answer in response to your Committee’s written questions that, “I am dedicated to the veterans, I care about fairness, and I believe in service to my community.”

Your Committee received testimony in support of Anne V. Stevens from the State Department of Defense and one individual.

The nominee represents the Oahu/Veteran appointment. She is currently a volunteer with the Visitor Aloha Society of Hawaii and Family Promise. Ms. Stevens served in the Hawaii State House of Representatives in 2006, representing House District 23. Prior thereto she was the Office Manager for a state senator. Ms. Stevens was the District Manager for Quay Cruise Agency and the Manager of the Norton Lilly Agency (maritime and steamship agency).

Ms. Stevens served with the United States Coast Guard from 1983 to 1995 as a U.S. Coast Guard Officer. Her last assignment was as an Operations Officer Coast Guard Base, Honolulu, Hawaii.

Ms. Stevens received a B.A. degree from Springfield College, and completed the U.S. Coast Guard Office Candidate School. She also completed the Program for Senior Executives in State and Local Government at the John F. Kennedy School of Government at Harvard University. Ms. Stevens is a member of the Waikiki Rotary Club, and is on the Board of Advisors to the Hawaii Ocean Safety Team.

Your Committee notes from the testimony of the State Department of Defense that, “Ms. Stevens has been proactive in making sure the new Yukio Okutsu Veterans Home in Hilo is veteran friendly. She identifies issues and takes alternative approaches in making sure that all veterans are served and given their benefits under VA. She is truly an advocate for veterans.” Your Committee further notes the personal statement of the nominee that she wishes to ensure that veterans receive the best services possible, and that that United States and Hawaii owe veterans an efficient and compassionate delivery of benefits.

As affirmed by the records of votes of the members of your Committee on Intergovernmental and Military Affairs that are attached to this report, your Committee, after full consideration of the background, 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 Chair on behalf of the Committee. Ayes, 2. Noes, none. Excused, 1 (Tsutsui).

SCRep. 2896 Education on S.C.R. No. 57

The purpose of this measure is to request that Pahoehoe High and Intermediate school dedicate and rename its gymnasium in honor of Representative Helene H. Hale.

Testimony in support of the measure was submitted by the Hawai’i County Council, the Ka’u/Kea’au/Pahoehoe Complex Area, and four individuals.

Your Committee finds that former Hawaii State Representative Helene H. Hale is widely admired as a strong advocate for improved mental health care, sustainable development, and world peace. She was the first African-American elected to office in Hawaii and the first woman to hold an executive position in local government since Queen Liliuokalani. Representative Hale served as a delegate to the 1978 Constitutional Convention, between 1980 and 1994, served a total of ten years on the Hawaii County Council, and in 2000 won election to the State House of Representatives where she served as the Chair of the Committee on International Affairs. Her accomplishments are many and varied, and she has left an enduring legacy of her commitment to the people of Hawaii, particularly the Big Island, including through assisting in the establishment of the Merrie Monarch Festival. Your Committee determines that the dedication and renaming of the gymnasium at Pahoehoe High and Intermediate School in her honor is a fitting tribute to her years of dedicated service and commitment to the State 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 concurs with the intent and purpose of S.C.R. No. 57 and recommends its adoption.

Signed by the Chair on behalf of the Committee. Ayes, 5. Noes, none. Excused, 3 (Chun Oakland, Hee, Nishihara).

SCRep. 2897 Intergovernmental and Military Affairs on S.C.R. No. 47

The purpose of this measure is to respectfully request the United States Postal Service to commemorate the honorable service of the F-14 Tomcat in defending freedom with a First Class Stamp.

Your Committee received testimony in support of this measure from two Hawaii State House Representatives and nineteen individuals.

The Legislature desires to recognize the exemplary service by the United States Navy's F-14 Tomcat, upon its retirement in 2006 and based upon a reverent understanding of the F-14's contribution to the free world as both a tested and proven weapons platform of the Cold War and an American icon, starring as the center attraction of patriotic films such as "Top Gun" and "The Final Countdown".

The Legislature is thankful to not only the F-14 Tomcat, but also the men and women involved in the development, maintenance, and operation of the Tomcat who helped keep America free throughout the Cold War, allowing all of us to continue in the exercise of democracy.

Your Committee believes that it is highly appropriate for the United States Postal Service to commemorate the honorable service of the U.S. Navy's F-14 Tomcat by issuing a postage stamp depicting the F-14 in the air in a combat maneuver.

Your Committee has amended this measure by:

- (1) Adding more facts about the F-14; and
- (2) Adding transmittals of this measure to the Secretary of Defense, Secretary of the Navy; and Northrop Grumman Corporation, the maker of the F-14.

As affirmed by the record of votes of the members of your Committee on Intergovernmental and Military Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 47, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 47, S.D. 1.

Signed by the Chair on behalf of the Committee. Ayes, 2. Noes, none. Excused, 1 (Tsutsui).

SCRep. 2898 Intergovernmental and Military Affairs on S.R. No. 22

The purpose of this measure is to respectfully request the United States Postal Service to commemorate the honorable service of the F-14 Tomcat in defending freedom with a First Class Stamp.

Your Committee received testimony in support of this measure from two Hawaii State House Representatives and nineteen individuals.

The Legislature desires to recognize the exemplary service by the United States Navy's F-14 Tomcat, upon its retirement in 2006 and based upon a reverent understanding of the F-14's contribution to the free world as both a tested and proven weapons platform of the Cold War and an American icon, starring as the center attraction of patriotic films such as "Top Gun" and "The Final Countdown".

The Legislature is thankful to not only the F-14 Tomcat, but also the men and women involved in the development, maintenance, and operation of the Tomcat who helped keep America free throughout the Cold War, allowing all of us to continue in the exercise of democracy.

Your Committee believes that it is highly appropriate for the United States Postal Service to commemorate the honorable service of the U.S. Navy's F-14 Tomcat by issuing a postage stamp depicting the F-14 in the air in a combat maneuver.

Your Committee has amended this measure by:

- (1) Adding more facts about the F-14; and
- (2) Adding transmittals of this measure to the Secretary of Defense, Secretary of the Navy; and Northrop Grumman Corporation, the maker of the F-14.

As affirmed by the record of votes of the members of your Committee on Intergovernmental and Military Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 22, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 22, S.D. 1.

Signed by the Chair on behalf of the Committee. Ayes, 2. Noes, none. Excused, 1 (Tsutsui).

SCRep. 2899 Transportation and International Affairs on S.C.R. No. 52

The purpose of this measure is to request:

- (1) The Department of Business, Economic Development, and Tourism and the Hawaii Tourism Authority to implement programs to increase the number of visitors from Taiwan;
- (2) The United States Citizenship and Immigration Services and the United States Department of Homeland Security to add Taiwan to the list of visa waivers;
- (3) The Department of Business, Economic Development, and Tourism and the Hawaii Tourism Authority to assist and cooperate with the United States Citizenship and Immigration Services and the United States Department of Homeland Security to facilitate the inclusion of Taiwan on the visa waiver list; and
- (4) The Department of Business, Economic Development, and Tourism to develop a list of Hawaii-made products appropriate for exportation to Taiwan.

Testimony in support of this measure was received from two individuals. The Department of Business, Economic Development, and Tourism; the Tourism Liaison; and the Hawaii Tourism Authority provided comments.

Your Committee finds that although the Taiwan visitor market is a promising potential source of tourists to Hawaii, in 2007, only 587,000 visitors from Taiwan arrived in the United States, just 6.5 per cent of the total outbound travelers from Taiwan. In addition, the 6.5 per cent figure for 2007 represented a continuing decline of 6.8 per cent from 2006, and a ten per cent decline from 2005. In 2006, approximately 15,450 Taiwanese visited Hawaii.

Your Committee finds that this measure would benefit Hawaii tourism, which faces a slowdown in visitor arrivals, according to recent projections by the Department of Business, Economic Development, and Tourism.

As affirmed by the record of votes of the members of your Committee on Transportation and International Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 52 and recommends its adoption.

Signed by the Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, 1 (Hooser).

SCRep. 2900 Transportation and International Affairs on S.R. No. 26

The purpose of this measure is to request:

- (1) The Department of Business, Economic Development, and Tourism and the Hawaii Tourism Authority to implement programs to increase the number of visitors from Taiwan;
- (2) The United States Citizenship and Immigration Services and the United States Department of Homeland Security to add Taiwan to the list of visa waivers;
- (3) The Department of Business, Economic Development, and Tourism and the Hawaii Tourism Authority to assist and cooperate with the United States Citizenship and Immigration Services and the United States Department of Homeland Security to facilitate the inclusion of Taiwan on the visa waiver list; and
- (4) The Department of Business, Economic Development, and Tourism to develop a list of Hawaii-made products appropriate for exportation to Taiwan.

Testimony in support of this measure was received from two individuals. The Department of Business, Economic Development, and Tourism; the Tourism Liaison; and the Hawaii Tourism Authority provided comments.

Your Committee finds that although the Taiwan visitor market is a promising potential source of tourists to Hawaii, in 2007, only 587,000 visitors from Taiwan arrived in the United States, just 6.5 per cent of the total outbound travelers from Taiwan. In addition, the 6.5 per cent figure for 2007 represented a continuing decline of 6.8 per cent from 2006, and a ten per cent decline from 2005. In 2006, approximately 15,450 Taiwanese visited Hawaii.

Your Committee finds that this measure would benefit Hawaii tourism, which faces a slowdown in visitor arrivals, according to recent projections by the Department of Business, Economic Development, and Tourism.

As affirmed by the record of votes of the members of your Committee on Transportation and International Affairs that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 26 and recommends its adoption.

Signed by the Chair on behalf of the Committee. Ayes, 6. Noes, none. Excused, 1 (Hooser).