

## FORTY-SIXTH DAY

Tuesday, April 9, 2013

The House of Representatives of the Twenty-Seventh Legislature of the State of Hawaii, Regular Session of 2013, convened at 9:06 o'clock a.m., with Speaker Souki presiding.

The invocation was delivered by Kahu Sherman Thompson of Kamehameha Schools, after which the Roll was called showing all Members present.

By unanimous consent, reading and approval of the Journal of the House of Representatives of the Forty-Fifth Day was deferred.

## SENATE COMMUNICATIONS

The following communications from the Senate (Sen. Com. Nos. 453 and 454) were received and announced by the Clerk:

Sen. Com. No. 453, transmitting S.C.R. No. 152, SD 1, entitled: "SENATE CONCURRENT RESOLUTION DESIGNATING MARCH AS BRAIN INJURY AWARENESS MONTH," which was adopted by the Senate on April 5, 2013.

Sen. Com. No. 454, transmitting S.C.R. No. 166, entitled: "SENATE CONCURRENT RESOLUTION REQUESTING THE CONVENING OF A TASK FORCE TO STUDY THE SOCIAL, ECONOMIC, AND RELIGIOUS IMPACTS OF ENACTING MARRIAGE EQUALITY IN HAWAII," which was adopted by the Senate on April 5, 2013.

## INTRODUCTIONS

The following introductions were made to the Members of the House:

Representative Ward introduced Ms. Mariia Mikhailova, a Legislative Fellow from Irkutsk, Siberia, Deputy Director of Economy Development Department of Irkutsk County and lecturer at Baikal State University; and his legislative aide, Mr. Scott Drinkall.

Representative Awana introduced her intern, Mr. Alexandru Cladco from Moldova; and her legislative aide, Ms. Melanie Pugay.

Representative Har introduced former Finance Committee Analyst, Ms. Nicole Velasco.

Representative Fale introduced Mr. Ed Garcia, who works with teachers in his community.

## ORDER OF THE DAY

At this time, the Chair stated:

"Members, just a reminder, be advised that if you previously requested a ruling on a potential conflict of interest on a specific measure on Second Reading, you do not need to make a request on that measure today for Third Reading. So please spare us from more conflicts of interest if you already made one. Thank you, very much."

## SUSPENSION OF RULES

On motion by Representative Awana, seconded by Representative Fukumoto and carried, the rules were suspended for the purpose of considering certain Senate Bills for Third Reading by consent calendar.

At 9:16 o'clock a.m., Representative Saiki requested a recess and the Chair declared a recess subject to the call of the Chair.

The House of Representatives reconvened at 9:16 o'clock a.m.

## CONSENT CALENDAR

## UNFINISHED BUSINESS

At this time, the Chair stated:

"Members, there will be no discussion as these items have been agreed to by this Body for placement on the Consent Calendar."

## S.B. No. 930, SD 1, HD 2:

On motion by Representative Saiki, seconded by Representative Awana and carried, S.B. No. 930, SD 1, HD 2, entitled: "A BILL FOR AN ACT RELATING TO THE PACIFIC INTERNATIONAL SPACE CENTER FOR EXPLORATION SYSTEMS SUSTAINABLE CONCRETE INITIATIVE," passed Third Reading by a vote of 51 ayes.

Representative Tsuji, for the Committee on Economic Development & Business, presented a report (Stand. Com. Rep. No. 1484) recommending that S.B. No. 48, as amended in HD 1, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 48, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE DEPARTMENT OF EDUCATION," passed Third Reading by a vote of 51 ayes.

Representative Rhoads, for the Committee on Judiciary, presented a report (Stand. Com. Rep. No. 1488) recommending that S.B. No. 529, SD 1, as amended in HD 1, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 529, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO PARENTAL RIGHTS," passed Third Reading by a vote of 51 ayes.

Representative Rhoads, for the Committee on Judiciary, presented a report (Stand. Com. Rep. No. 1489) recommending that S.B. No. 88, SD 1, HD 1, as amended in HD 2, pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 88, SD 1, HD 2 pass Third Reading, seconded by Representative Awana.

Representative Awana's written remarks in support of the measure are as follows:

"Mr. Speaker, I rise in support. This measure will address concerns from residents in public housing who have been concerned about consuming alcohol in the common areas of these facilities. I believe the language inserted by the Judiciary Committee further clarifies the issue about transporting these containers. Residents in public housing should not be worried if their neighbors are drinking in open areas while walking to and from their vehicles or to and from work. We need to ensure safety for those who reside in public housing communities. For these reasons, I rise in support. Thank you, Mr. Speaker."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 88, SD 1, HD 2, entitled: "A BILL FOR AN ACT RELATING TO INTOXICATING LIQUORS IN PUBLIC HOUSING," passed Third Reading by a vote of 50 ayes to 1 no, with Representative McDermott voting no.

Representative Rhoads, for the Committee on Judiciary, presented a report (Stand. Com. Rep. No. 1490) recommending that S.B. No. 1176, SD 1, HD 1, as amended in HD 2, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 1176,

SD 1, HD 2, entitled: "A BILL FOR AN ACT RELATING TO THE HAWAII PAROLING AUTHORITY," passed Third Reading by a vote of 51 ayes.

Representative Rhoads, for the Committee on Judiciary, presented a report (Stand. Com. Rep. No. 1491) recommending that S.B. No. 1177, as amended in HD 1, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 1177, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE REENTRY COMMISSION," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1503) recommending that S.B. No. 23, SD 1, as amended in HD 1, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 23, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST A SEAWATER AIR CONDITIONING PROJECT," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1506) recommending that S.B. No. 815, SD 2, HD 1, as amended in HD 2, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 815, SD 2, HD 2, entitled: "A BILL FOR AN ACT RELATING TO CHILDREN," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1507) recommending that S.B. No. 84, HD 1, as amended in HD 2, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 84, HD 2, entitled: "A BILL FOR AN ACT RELATING TO PUBLIC HOUSING," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1510) recommending that S.B. No. 407, SD 1, HD 1, as amended in HD 2, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 407, SD 1, HD 2, entitled: "A BILL FOR AN ACT RELATING TO ISLAND BURIAL COUNCILS," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1512) recommending that S.B. No. 1074, SD 2, as amended in HD 1, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 1074, SD 2, HD 1, entitled: "A BILL FOR AN ACT RELATING TO PHYSICAL THERAPY," passed Third Reading by a vote of 50 ayes to 1 no, with Representative McDermott voting no.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1513) recommending that S.B. No. 1124, SD 1, as amended in HD 1, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 1124, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE DIETITIAN LICENSURE SPECIAL FUND," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1517) recommending that S.B. No. 879, SD 1, HD 1, as amended in HD 2, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 879, SD 1, HD 2, entitled: "A BILL FOR AN ACT RELATING TO WITNESSES," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1521) recommending that S.B. No. 1235, SD 2, as amended in HD 1, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 1235, SD 2, HD 1, entitled: "A BILL FOR AN ACT RELATING TO CABLE TELEVISION," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1531) recommending that S.B. No. 105, SD 2, as amended in HD 1, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 105, SD 2, HD 1, entitled: "A BILL FOR AN ACT RELATING TO HEALTH," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1532) recommending that S.B. No. 199, SD 2, as amended in HD 1, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 199, SD 2, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE COLORECTAL CANCER SCREENING PILOT PROGRAM," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1533) recommending that S.B. No. 1339, SD 1, as amended in HD 1, pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 1339, SD 1, HD 1 pass Third Reading, seconded by Representative Awana.

Representative Awana's written remarks in support of the measure are as follows:

"Mr. Speaker, I rise in support. This measure will help rural communities retain a rural status for the purposes of continuing to be eligible for federal programs. My district will benefit from this bill and it is my hope that the other Members will realize the need that continues in Hawaii's rural communities as their needs are great and their challenges are many. The federal programs and funds will help to leverage the existing disadvantages such as access to healthcare, infrastructure distance and limited educational resources. For these reasons, I rise in support. Thank you, Mr. Speaker."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 1339, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO RURAL AREAS," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1534) recommending that S.B. No. 635, SD 1, HD 2, as amended in HD 3, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 635, SD 1, HD 3, entitled: "A BILL FOR AN ACT RELATING TO ANIMAL CRUELTY," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1535) recommending that S.B. No. 94, HD 1, as amended in HD 2, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 94, HD 2, entitled: "A BILL FOR AN ACT RELATING TO THE HAWAII INTERAGENCY COUNCIL ON HOMELESSNESS," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1538) recommending that S.B. No. 239, SD 1, HD 1, as amended in HD 2, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 239, SD 1, HD 2, entitled: "A BILL FOR AN ACT RELATING TO EDUCATION," passed Third Reading by a vote of 51 ayes.

Representative Belatti, for the Committee on Health, presented a report (Stand. Com. Rep. No. 1540) recommending that S.B. No. 44, SD 1, as amended in HD 1, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 44, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO MENTAL HEALTH," passed Third Reading by a vote of 51 ayes.

Representative McKelvey, for the Committee on Consumer Protection & Commerce, presented a report (Stand. Com. Rep. No. 1542) recommending that S.B. No. 1075 pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 1075, entitled: "A BILL FOR AN ACT RELATING TO PHYSICAL THERAPY," passed Third Reading by a vote of 51 ayes.

Representative McKelvey, for the Committee on Consumer Protection & Commerce, presented a report (Stand. Com. Rep. No. 1543) recommending that S.B. No. 1076 pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 1076, entitled: "A BILL FOR AN ACT RELATING TO THE USE OF THE DOCTOR OF ACUPUNCTURE TITLE," passed Third Reading by a vote of 51 ayes.

Representative McKelvey, for the Committee on Consumer Protection & Commerce, presented a report (Stand. Com. Rep. No. 1544) recommending that S.B. No. 423 pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 423, entitled: "A BILL FOR AN ACT RELATING TO IN VITRO FERTILIZATION INSURANCE COVERAGE," passed Third Reading by a vote of 51 ayes.

Representative McKelvey, for the Committee on Consumer Protection & Commerce, presented a report (Stand. Com. Rep. No. 1550) recommending that S.B. No. 19, SD 1, HD 1, as amended in HD 2, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 19, SD 1, HD 2, entitled: "A BILL FOR AN ACT RELATING TO RENEWABLE ENERGY," passed Third Reading by a vote of 49 ayes to 2 noes, with Representatives Hashem and McDermott voting no.

Representative McKelvey, for the Committee on Consumer Protection & Commerce, presented a report (Stand. Com. Rep. No. 1553) recommending that S.B. No. 319, HD 1 pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 319, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THRILL CRAFT," passed Third Reading by a vote of 51 ayes.

Representative McKelvey, for the Committee on Consumer Protection & Commerce, presented a report (Stand. Com. Rep. No. 1554) recommending that S.B. No. 482, SD 1, HD 1 pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 482, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO AGRICULTURE," passed Third Reading by a vote of 51 ayes.

Representative McKelvey, for the Committee on Consumer Protection & Commerce, presented a report (Stand. Com. Rep. No. 1556) recommending that S.B. No. 400, SD 1, HD 1 pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 400, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO HUMAN SERVICES," passed Third Reading by a vote of 51 ayes.

Representative McKelvey, for the Committee on Consumer Protection & Commerce, presented a report (Stand. Com. Rep. No. 1559) recommending that S.B. No. 965, SD 1, HD 1, as amended in HD 2, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 965, SD 1, HD 2, entitled: "A BILL FOR AN ACT RELATING TO PROFESSIONAL AND VOCATIONAL LICENSING," passed Third Reading by a vote of 51 ayes.

Representative McKelvey, for the Committee on Consumer Protection & Commerce, presented a report (Stand. Com. Rep. No. 1561) recommending that S.B. No. 548, SD 1, HD 1, as amended in HD 2, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 548, SD 1, HD 2, entitled: "A BILL FOR AN ACT RELATING TO TELEMEDICINE," passed Third Reading by a vote of 51 ayes.

Representative Rhoads, for the Committee on Judiciary, presented a report (Stand. Com. Rep. No. 1566) recommending that S.B. No. 61, SD 1, as amended in HD 1, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 61, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO JUVENILES," passed Third Reading by a vote of 51 ayes.

Representative Rhoads, for the Committee on Judiciary, presented a report (Stand. Com. Rep. No. 1567) recommending that S.B. No. 888, as amended in HD 1, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 888, HD 1, entitled: "A BILL FOR AN ACT RELATING TO CHILD SUPPORT ENFORCEMENT," passed Third Reading by a vote of 51 ayes.

Representative Rhoads, for the Committee on Judiciary, presented a report (Stand. Com. Rep. No. 1572) recommending that S.B. No. 1183, SD 2, as amended in HD 1, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 1183, SD 2, HD 1, entitled: "A BILL FOR AN ACT RELATING TO INTAKE SERVICE CENTERS," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1574) recommending that S.B. No. 5, SD 1, as amended in HD 1, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 5, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO PUBLIC LANDS," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1578) recommending that S.B. No. 913, SD 1 pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 913, SD 1, entitled: "A BILL FOR AN ACT RELATING TO TIME SHARES," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1579) recommending that S.B. No. 697, as amended in HD 1, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 697, HD 1, entitled: "A BILL FOR AN ACT RELATING TO AEROSPACE," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1580) recommending that S.B. No. 244, SD 2, HD 1 pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 244, SD 2, HD 1, entitled: "A BILL FOR AN ACT RELATING TO EDUCATION," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1582) recommending that S.B. No. 1083, HD 1, as amended in HD 2, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 1083, HD 2, entitled: "A BILL FOR AN ACT RELATING TO TRANSPORTATION OF SCHOOL CHILDREN," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1589) recommending that S.B. No. 1256, SD 1, HD 1, as amended in HD 2, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 1256, SD 1, HD 2, entitled: "A BILL FOR AN ACT RELATING TO THE PACIFIC INTERNATIONAL SPACE CENTER FOR EXPLORATION SYSTEMS," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1590) recommending that S.B. No. 1388, SD 2, HD 1, as amended in HD 2, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 1388, SD 2, HD 2, entitled: "A BILL FOR AN ACT RELATING TO THE RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAII," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1591) recommending that S.B. No. 102, SD 2, as amended in HD 1, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 102,

SD 2, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE ELDERLY," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1592) recommending that S.B. No. 391, SD 2, HD 1 pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 391, SD 2, HD 1, entitled: "A BILL FOR AN ACT RELATING TO YOUTH," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1593) recommending that S.B. No. 1101, SD 2, as amended in HD 1, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 1101, SD 2, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE ESTABLISHMENT OF THE INTERIM ASSISTANCE REIMBURSEMENT SPECIAL FUND," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1598) recommending that S.B. No. 532, SD 1, HD 1 pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 532, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO BREASTFEEDING IN THE WORKPLACE," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1604) recommending that S.B. No. 803, SD 2, HD 1 pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 803, SD 2, HD 1, entitled: "A BILL FOR AN ACT RELATING TO WATER," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1605) recommending that S.B. No. 1261, SD 2, as amended in HD 1, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 1261, SD 2, HD 1, entitled: "A BILL FOR AN ACT RELATING TO LIQUOR TAX LAW," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1606) recommending that S.B. No. 106, SD 1, as amended in HD 1, pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 106, SD 1, HD 1 pass Third Reading, seconded by Representative Awana.

Representative Awana's written remarks in support of the measure are as follows:

"Mr. Speaker, I rise in support. Our *kupuna* are the prized jewels of Hawaii. This measure addresses many challenges that our elderly are faced with on a daily basis. Due to the recent budget cuts, many programs had been discontinued or no longer funded. This measure, Mr. Speaker, sends a message to our *kupuna*. This message states that the Hawaii State Legislature recognizes their needs and we want to make sure that our elderly will be properly cared for, and if there are needs to allow our elderly to live gracefully in their environment of choice – whether it be in their home, in the home of family members or in a care facility – we will do our best to make sure it happens. For these reasons, I rise in support. Thank you, Mr. Speaker."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 106, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO AGING," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1607) recommending that S.B. No. 665, SD 1, HD 1, as amended in HD 2, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 665, SD 1, HD 2, entitled: "A BILL FOR AN ACT RELATING TO HEALTH," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1608) recommending that S.B. No. 666, SD 2, HD 1, as amended in HD 2, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 666, SD 2, HD 2, entitled: "A BILL FOR AN ACT RELATING TO HEALTH," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1609) recommending that S.B. No. 1161, SD 1, HD 1, as amended in HD 2, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 1161, SD 1, HD 2, entitled: "A BILL FOR AN ACT RELATING TO VESSELS," passed Third Reading by a vote of 51 ayes.

### THIRD READING

#### **S.B. No. 856, HD 1:**

On motion by Representative Saiki, seconded by Representative Awana and carried, S.B. No. 856, HD 1, entitled: "A BILL FOR AN ACT RELATING TO HOLIDAYS," passed Third Reading by a vote of 51 ayes.

#### **S.B. No. 1079, HD 1:**

On motion by Representative Saiki, seconded by Representative Awana and carried, S.B. No. 1079, HD 1, entitled: "A BILL FOR AN ACT RELATING TO HEALTH INSURANCE," passed Third Reading by a vote of 51 ayes.

#### **S.B. No. 1020, SD 1, HD 1:**

On motion by Representative Saiki, seconded by Representative Awana and carried, S.B. No. 1020, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO CHARITABLE SOLICITATION," passed Third Reading by a vote of 51 ayes.

#### **S.B. No. 1188, SD 1, HD 1:**

On motion by Representative Saiki, seconded by Representative Awana and carried, S.B. No. 1188, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE ESTATE AND GENERATION-SKIPPING TRANSFER TAXES," passed Third Reading by a vote of 51 ayes.

#### **S.B. No. 1191, SD 1, HD 1:**

On motion by Representative Saiki, seconded by Representative Awana and carried, S.B. No. 1191, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO BOARDS OF REVIEW," passed Third Reading by a vote of 51 ayes.

#### **S.B. No. 1187, SD 1:**

On motion by Representative Saiki, seconded by Representative Awana and carried, S.B. No. 1187, SD 1, entitled: "A BILL FOR AN ACT RELATING TO DELINQUENT TAXES," passed Third Reading by a vote of 51 ayes.

#### **S.B. No. 1192, SD 1:**

On motion by Representative Saiki, seconded by Representative Awana and carried, S.B. No. 1192, SD 1, entitled: "A BILL FOR AN ACT RELATING TO COLLECTION OF TAXES," passed Third Reading by a vote of 51 ayes.

At 9:18 o'clock a.m., the Chair noted that the following bills passed Third Reading:

S.B. No. 930, SD 1, HD 2  
 S.B. No. 48, HD 1  
 S.B. No. 529, SD 1, HD 1  
 S.B. No. 88, SD 1, HD 2  
 S.B. No. 1176, SD 1, HD 2  
 S.B. No. 1177, HD 1  
 S.B. No. 23, SD 1, HD 1  
 S.B. No. 815, SD 2, HD 2  
 S.B. No. 84, HD 2  
 S.B. No. 407, SD 1, HD 2  
 S.B. No. 1074, SD 2, HD 1  
 S.B. No. 1124, SD 1, HD 1  
 S.B. No. 879, SD 1, HD 2  
 S.B. No. 1235, SD 2, HD 1  
 S.B. No. 105, SD 2, HD 1  
 S.B. No. 199, SD 2, HD 1  
 S.B. No. 1339, SD 1, HD 1  
 S.B. No. 635, SD 1, HD 3  
 S.B. No. 94, HD 2  
 S.B. No. 239, SD 1, HD 2  
 S.B. No. 44, SD 1, HD 1  
 S.B. No. 1075  
 S.B. No. 1076  
 S.B. No. 423  
 S.B. No. 19, SD 1, HD 2  
 S.B. No. 319, HD 1  
 S.B. No. 482, SD 1, HD 1  
 S.B. No. 400, SD 1, HD 1  
 S.B. No. 965, SD 1, HD 2  
 S.B. No. 548, SD 1, HD 2  
 S.B. No. 61, SD 1, HD 1  
 S.B. No. 888, HD 1  
 S.B. No. 1183, SD 2, HD 1  
 S.B. No. 5, SD 1, HD 1  
 S.B. No. 913, SD 1  
 S.B. No. 697, HD 1  
 S.B. No. 244, SD 2, HD 1  
 S.B. No. 1083, HD 2  
 S.B. No. 1256, SD 1, HD 2  
 S.B. No. 1388, SD 2, HD 2  
 S.B. No. 102, SD 2, HD 1  
 S.B. No. 391, SD 2, HD 1  
 S.B. No. 1101, SD 2, HD 1  
 S.B. No. 532, SD 1, HD 1  
 S.B. No. 803, SD 2, HD 1  
 S.B. No. 1261, SD 2, HD 1  
 S.B. No. 106, SD 1, HD 1  
 S.B. No. 665, SD 1, HD 2  
 S.B. No. 666, SD 2, HD 2  
 S.B. No. 1161, SD 1, HD 2  
  
 S.B. No. 856, HD 1  
 S.B. No. 1079, HD 1  
 S.B. No. 1020, SD 1, HD 1  
 S.B. No. 1188, SD 1, HD 1  
 S.B. No. 1191, SD 1, HD 1  
 S.B. No. 1187, SD 1  
 S.B. No. 1192, SD 1

At this time, the Chair stated:

"Members, please remember to submit to the Clerk the list of Senate Bills on the Consent Calendar for which you will be inserting written comments in support or in opposition. This must be done by the adjournment of today's Floor session."

At 9:19 o'clock a.m., the Chair declared a recess subject to the call of the Chair.

The House of Representatives reconvened at 11:01 o'clock a.m.

### LATE INTRODUCTIONS

The following late introduction was made to the Members of the House:

Representative Cabanilla, on behalf of Representative McDermott and herself, introduced students of Keone'ula Elementary School.

### ORDINARY CALENDAR

### UNFINISHED BUSINESS

At this time, the Chair stated:

"Members, please turn to page 19 and refer to HSCR Number 1564, Senate Bill Number 858, Senate Draft 1, House Draft 2."

Representative McKelvey, for the Committee on Consumer Protection & Commerce, presented a report (Stand. Com. Rep. No. 1564) recommending that S.B. No. 858, SD 1, HD 1, as amended in HD 2, pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 858, SD 1, HD 2 pass Third Reading, seconded by Representative Awana.

At this time, Representative Evans offered Floor Amendment No. 13, amending S.B. No. 858, SD 1, HD 2, as follows:

"SECTION 1. Senate Bill No. 858, S.D. 1, H.D. 2, is amended by amending section 1 to read as follows:

"SECTION 1. The purpose of this Act is to promote gender equity for members of boards and commissions and to clarify the legislature's intent that a person who has failed to receive the advice and consent of the senate shall continue in office as a holdover member of a board or commission only until the senate adjourns sine die."

SECTION 2. Senate Bill No. 858, S.D. 1, H.D. 2, is amended by adding a new section 2 to read as follows:

"SECTION 2. Chapter 26, Hawaii Revised Statutes, is amended by adding a new section to part II to be appropriately designated and to read as follows:

**"§26- Members of boards and commissions; gender equity. The governor or relevant appointing authority, as far as practicable, shall strive for the goal of equal gender representation when appointing members to boards and commissions and shall give priority to achieving the goal of gender equity when appointing members to vacancies, at-large positions, and as alternates."**

SECTION 3. Senate Bill No. 858, S.D. 1, H.D. 2, is amended by renumbering Sections 2 to 5 to Sections 3 to 6."

At 11:04 o'clock a.m., Representative Saiki requested a recess and the Chair declared a recess subject to the call of the Chair.

The House of Representatives reconvened at 11:05 o'clock a.m.

Representative Evans moved that Floor Amendment No. 13 be adopted, seconded by Representative Oshiro.

Representative Evans rose to speak in support of the proposed Floor Amendment, stating:

"Thank you. Members, I'm asking for you to support this Floor Amendment. This was a bill, it was House Bill 189 that we as a Body fully supported and sent over to the Senate and it did not come back. But I think it's a policy statement that we should move forward, and this is to address gender equity on boards and commissions. The amended language says, 'the Governor or relevant appointing authority, as far as practicable, shall strive for the goal of equal gender representation when appointing members to boards and commissions and shall give priority to achieving the goal of gender equity when appointing members to vacancies, at-large positions, and as alternates.'

"Members, I want this to go in the record. As of yesterday when we double checked, the University of Hawaii Board of Regents has 15 members. Of the members there are 12 males, 3 females. On the Board of Education, 11 members, of that 6 male, 5 female. On the Land Use Commission, 9 members, 8 male, 1 female. On the Small Business Regulatory Review Board interestingly as of yesterday, 9 members, 1 male, 8 vacant. The Land and Natural Resources Board, 7 members, 6 male, 0 female, 1 vacant. The Natural Energy Laboratory of Hawaii, 13 members, 10 male, 3 female. On the Tax Review Commission of the 7 members, 6 male, 0 female, 1 vacant. On the Hawaii Tourism Authority of 12 members, 10 male, 2 female. On the Council of Revenues of the 7 members, 5 male, 2 female. And on the Board of Nursing of 9 members, 4 male, 4 female, 1 vacant.

"I think that is why I think it's good that we have in our policy that we do want to strive for gender equity. Thank you."

Representative Ichiyama rose to speak in support of the proposed Floor Amendment with reservations, stating:

"Thank you, Mr. Speaker. I rise in support with some slight reservations and permission to insert written comments. Thank you."

Representative Ichiyama's written remarks are as follows:

"Thank you Mr. Speaker, I rise with slight reservations on this Floor Amendment. I support the intent of the amendment, which is to require the Governor to consider, as far as practicable, the gender representation on boards and commissions when appointing members of boards and commissions. I agree with the Representative from Kona that women are significantly underrepresented on our state boards and commissions.

"My slight reservations arise from the amendment's phrase in Section 2, which reads, the governor 'shall give priority to the goal of achieving gender equity when appointing members to vacancies, at-large positions, and as alternates.' This could be interpreted as a mandate to the Governor to make appointments to achieve gender equity. In most situations, this would be laudable. However, certain boards and commissions, such as the Commission on the Status of Women, or the Commission on Fatherhood, in my mind, should not be mandated to have gender equity. I would hope for participation by some members of the opposite sex on either Commission, but I disagree that in these instances gender balance should be required.

"I hope that the qualifying language 'as far as practicable' evidences legislative intent that this section should not be construed to require an equal number of men and women on gender-specific boards and commissions. Thank you, Mr. Speaker."

Representative Fale rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Tokioka rose to speak in support of the proposed Floor Amendment with reservations, stating:

"Thank you, Mr. Speaker. In support with reservations. I think part of the issue too, is the Senate, our colleagues next door, they approve a lot of these appointments, so we have to look within our bodies as well. So thank you, Mr. Speaker."

Representative Har rose in support of the proposed Floor Amendment with reservations and asked that her written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Har's written remarks are as follows:

"Mr. Speaker, I rise in support with reservations on Standing Committee Report 1564, Senate Bill 858, Senate Draft 1, House Draft 2, Floor Amendment 13. Although I respect and support the original intent behind the bill, I have reservations about Floor Amendment 13, relating to gender equity.

"To be clear, I fully support gender equity in the workplace. However, Floor Amendment 13 would essentially override meritocracy in favor of creating gender equality. The Floor Amendment mandates that appointing authorities 'shall give priority to achieving the goal of gender equity when appointing members to vacancies.'

"Therefore, if there is an open position on a board or commission, the amendment requires that a woman be given priority, regardless of her qualities, experience and achievements. In other words, this amendment abrogates a woman's accomplishments and requires that she be selected solely for her gender. Women have worked hard to achieve high levels of success in the workplace and this amendment would abate their efforts for equality.

"For this reason, I rise with reservations on this measure. Thank you, Mr. Speaker."

Representative Hashem rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Brower rose to speak in support of the proposed Floor Amendment, stating:

"Mr. Speaker, in support. In this Chamber there are 35 men and 16 women."

Representative Fukumoto rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Cabanilla rose to speak in support of the proposed Floor Amendment, stating:

"In support, Mr. Speaker. I think commissions should be the starting point for women to get their opportunities to play in the bigger field. So this bill will help that cause. Thank you, Mr. Speaker."

The motion that Floor Amendment No. 13, amending S.B. No. 858, SD 1, HD 2, entitled: "A BILL FOR AN ACT RELATING TO BOARDS AND COMMISSIONS," be adopted, was put to vote by the Chair and carried.

At 11:10 o'clock a.m., the Chair noted that Floor Amendment No. 13 was adopted.

At this time, the Chair stated:

"Members, please refer to HSCR Number 1565, Senate Bill Number 516, Senate Draft 1."

Representative Rhoads, for the Committee on Judiciary, presented a report (Stand. Com. Rep. No. 1565) recommending that S.B. No. 516, SD 1 pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 516, SD 1 pass Third Reading, seconded by Representative Awana.

At this time, Representative Rhoads offered Floor Amendment No. 14, amending S.B. No. 516, SD 1, as follows:

"SECTION 1. Senate Bill No. 516, S.D. 1, (RELATING TO PATERNITY), is amended by amending Section 3 to read as follows:

"SECTION 3. This Act shall take effect on July 1, 2013."

At 11:11 o'clock a.m., Representative Saiki requested a recess and the Chair declared a recess subject to the call of the Chair.

The House of Representatives reconvened at 11:12 o'clock a.m.

Representative Rhoads moved that Floor Amendment No. 14 be adopted, seconded by Representative Har.

Representative Rhoads rose to speak in support of the proposed Floor Amendment, stating:

"This is just to correct a mistake that I made as Chair of the Judiciary Committee. I forgot to put in an effective date. Otherwise if we do not accept this Floor Amendment then this act will become effective on July 1, 2050. If we do put in the Floor Amendment, it will have a difference with the Senate and go to conference. Thank you."

The motion that Floor Amendment No. 14, amending S.B. No. 516, SD 1, entitled: "A BILL FOR AN ACT RELATING TO PATERNITY," be adopted, was put to vote by the Chair and carried.

At 11:13 o'clock a.m., the Chair noted that Floor Amendment No. 14 was adopted.

At this time, the Chair stated:

"Members, please note the 48-hour notice for both measures that we passed.

"Please note that the Chair will be deferring the following items to after lunch:

Page 18, Stand. Com. Rep. No. 1562, Senate Bill No. 987, SD 1, HD 1;  
Page 20, Stand. Com. Rep. No. 1576, Senate Bill No. 757, SD 2, HD 2;  
Page 22, Stand. Com. Rep. No. 1596, Senate Bill No. 1057, SD 2, HD 1;  
Page 22, Stand. Com. Rep. No. 1597, Senate Bill No. 946, SD 1, HD 1;  
Page 22, Stand. Com. Rep. No. 1601, Senate Bill No. 381, SD 2, HD 2;  
Page 22, Stand. Com. Rep. No. 1602, Senate Bill No. 49, SD 2, HD 2;  
Page 25, Senate Bill No. 1092, SD 1, HD 1;  
Page 26, Senate Bill No. 1094, SD 1, HD 1; and  
Page 28, Senate Bill No. 1194, SD 2, HD 1.

"These all will be taken up after lunch."

Representative McKelvey, for the Committee on Consumer Protection & Commerce, presented a report (Stand. Com. Rep. No. 1562) recommending that S.B. No. 987, SD 1, as amended in HD 1, pass Third Reading.

By unanimous consent, action was deferred until later that day.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1576) recommending that S.B. No. 757, SD 2, HD 1, as amended in HD 2, pass Third Reading.

By unanimous consent, action was deferred until later that day.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1596) recommending that S.B. No. 1057, SD 2, as amended in HD 1, pass Third Reading.

By unanimous consent, action was deferred until later that day.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1597) recommending that S.B. No. 946, SD 1, HD 1 pass Third Reading.

By unanimous consent, action was deferred until later that day.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1601) recommending that S.B. No. 381, SD 2, HD 1, as amended in HD 2, pass Third Reading.

By unanimous consent, action was deferred until later that day.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1602) recommending that S.B. No. 49, SD 2, HD 1, as amended in HD 2, pass Third Reading.

By unanimous consent, action was deferred until later that day.

### THIRD READING

#### S.B. No. 1092, SD 1, HD 1:

By unanimous consent, action was deferred until later that day.

#### S.B. No. 1094, SD 1, HD 1:

By unanimous consent, action was deferred until later that day.

#### S.B. No. 1194, SD 2, HD 1:

By unanimous consent, action was deferred until later that day.

### UNFINISHED BUSINESS

Representative McKelvey, for the Committee on Consumer Protection & Commerce, presented a report (Stand. Com. Rep. No. 1485) recommending that S.B. No. 512, SD 1, HD 1, as amended in HD 2, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 512, SD 1, HD 2, entitled: "A BILL FOR AN ACT RELATING TO ELECTRICAL CONTRACTORS," passed Third Reading by a vote of 51 ayes.

Representative Rhoads, for the Committee on Judiciary, presented a report (Stand. Com. Rep. No. 1486) recommending that S.B. No. 4, HD 1, as amended in HD 2, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 4, HD 2, entitled: "A BILL FOR AN ACT RELATING TO MOTOR VEHICLES," passed Third Reading by a vote of 51 ayes.

Representative Rhoads, for the Committee on Judiciary, presented a report (Stand. Com. Rep. No. 1487) recommending that S.B. No. 1106, SD 2, HD 1, as amended in HD 2, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 1106, SD 2, HD 2, entitled: "A BILL FOR AN ACT RELATING TO EXEMPTIONS FROM CHILD CARE LICENSING," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1492) recommending that S.B. No. 332, SD 1, HD 1, as amended in HD 2, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 332, SD 1, HD 2, entitled: "A BILL FOR AN ACT RELATING TO WAGES," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1493) recommending that S.B. No. 883, SD 2, HD 1, as amended in HD 2, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 883, SD 2, HD 2, entitled: "A BILL FOR AN ACT RELATING TO COLLECTIVE BARGAINING," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1494) recommending that S.B. No. 895, SD 1, as amended in HD 1, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 895, SD 1, HD 1, entitled: "A BILL FOR AN ACT MAKING APPROPRIATIONS FOR COLLECTIVE BARGAINING COST ITEMS," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1495) recommending that S.B. No. 904, SD 1, as amended in HD 1, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 904, SD 1, HD 1, entitled: "A BILL FOR AN ACT MAKING APPROPRIATIONS FOR COLLECTIVE BARGAINING COST ITEMS," passed Third Reading by a vote of 51 ayes.

At 11:16 o'clock a.m., the Chair noted that the following bills passed Third Reading:

S.B. No. 512, SD 1, HD 2  
S.B. No. 4, HD 2  
S.B. No. 1106, SD 2, HD 2  
S.B. No. 332, SD 1, HD 2  
S.B. No. 883, SD 2, HD 2  
S.B. No. 895, SD 1, HD 1  
S.B. No. 904, SD 1, HD 1

At 11:17 o'clock a.m., Representative Har requested a recess and the Chair declared a recess subject to the call of the Chair.

The House of Representatives reconvened at 11:18 o'clock a.m.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1496) recommending that S.B. No. 905, SD 1, as amended in HD 1, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 905, SD 1, HD 1, entitled: "A BILL FOR AN ACT MAKING APPROPRIATIONS FOR COLLECTIVE BARGAINING COST ITEMS," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1497) recommending that S.B. No. 906, SD 1, as amended in HD 1, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 906, SD 1, HD 1, entitled: "A BILL FOR AN ACT MAKING



APPROPRIATIONS FOR COLLECTIVE BARGAINING COST ITEMS," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1498) recommending that S.B. No. 907, SD 1, as amended in HD 1, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 907, SD 1, HD 1, entitled: "A BILL FOR AN ACT MAKING APPROPRIATIONS FOR COLLECTIVE BARGAINING COST ITEMS," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1499) recommending that S.B. No. 908, SD 1, as amended in HD 1, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 908, SD 1, HD 1, entitled: "A BILL FOR AN ACT MAKING APPROPRIATIONS FOR COLLECTIVE BARGAINING COST ITEMS," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1500) recommending that S.B. No. 909, SD 1, as amended in HD 1, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 909, SD 1, HD 1, entitled: "A BILL FOR AN ACT MAKING APPROPRIATIONS FOR COLLECTIVE BARGAINING COST ITEMS," passed Third Reading by a vote of 51 ayes.

At 11:19 o'clock a.m., the Chair noted that the following bills passed Third Reading:

S.B. No. 905, SD 1, HD 1  
S.B. No. 906, SD 1, HD 1  
S.B. No. 907, SD 1, HD 1  
S.B. No. 908, SD 1, HD 1  
S.B. No. 909, SD 1, HD 1

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1501) recommending that S.B. No. 910, SD 1, as amended in HD 1, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 910, SD 1, HD 1, entitled: "A BILL FOR AN ACT MAKING APPROPRIATIONS FOR COLLECTIVE BARGAINING COST ITEMS," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1502) recommending that S.B. No. 911, SD 1, as amended in HD 1, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 911, SD 1, HD 1, entitled: "A BILL FOR AN ACT MAKING APPROPRIATIONS FOR COLLECTIVE BARGAINING COST ITEMS," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1504) recommending that S.B. No. 524, SD 1, as amended in HD 1, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 524, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO AGRICULTURE," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1505) recommending that S.B. No. 98, SD 1, as amended in HD 1, pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 98, SD 1, HD 1 pass Third Reading, seconded by Representative Awana.

Representative Jordan rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Say rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Ichiyama rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Takayama rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Oshiro rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Choy rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Yamashita rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Tsuji rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Tokioka rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Har rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 98, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO TAXATION," passed Third Reading by a vote of 50 ayes to 1 no, with Representative Coffman voting no.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1508) recommending that S.B. No. 1025, HD 2, as amended in HD 3, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 1025, HD 3, entitled: "A BILL FOR AN ACT RELATING TO THE HOUSING LOAN AND MORTGAGE PROGRAM," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1509) recommending that S.B. No. 403, SD 2, HD 1, as amended in HD 2, pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 403, SD 2, HD 2 pass Third Reading, seconded by Representative Awana.

Representative Choy rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Fale rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Har rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Cheape rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 403, SD 2, HD 2, entitled: "A BILL FOR AN ACT RELATING TO BONDS," passed Third Reading by a vote of 51 ayes.

At 11:23 o'clock a.m., the Chair noted that the following bills passed Third Reading:

S.B. No. 910, SD 1, HD 1  
 S.B. No. 911, SD 1, HD 1  
 S.B. No. 524, SD 1, HD 1  
 S.B. No. 98, SD 1, HD 1  
 S.B. No. 1025, HD 3  
 S.B. No. 403, SD 2, HD 2

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1511) recommending that S.B. No. 498, SD 2, as amended in HD 1, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 498, SD 2, HD 1, entitled: "A BILL FOR AN ACT RELATING TO EMERGENCY MEDICAL SERVICES," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1514) recommending that S.B. No. 1254, SD 1, as amended in HD 1, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 1254, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO EMERGENCY MEDICAL CARE," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1515) recommending that S.B. No. 1336, SD 2, as amended in HD 1, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 1336, SD 2, HD 1, entitled: "A BILL FOR AN ACT RELATING TO HEALTH CARE," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1516) recommending that S.B. No. 1221, SD 2, HD 1, as amended in HD 2, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 1221, SD 2, HD 2, entitled: "A BILL FOR AN ACT RELATING TO HIGHER EDUCATION," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1518) recommending that S.B. No. 1010, SD 1, HD 1, as amended in HD 2, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 1010, SD 1, HD 2, entitled: "A BILL FOR AN ACT RELATING TO LEGAL SERVICES," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1519) recommending that S.B. No. 1003, SD 2, as amended in HD 1, pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 1003, SD 2, HD 1 pass Third Reading, seconded by Representative Awana.

Representative Say rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Har rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 1003, SD 2, HD 1, entitled: "A BILL FOR AN ACT RELATING TO INFORMATION TECHNOLOGY," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1520) recommending that S.B. No. 614, SD 1, HD 1, as amended in HD 2, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 614, SD 1, HD 2, entitled: "A BILL FOR AN ACT RELATING TO PUBLIC WORKS OF ART," passed Third Reading by a vote of 51 ayes.

At 11:25 o'clock a.m., the Chair noted that the following bills passed Third Reading:

S.B. No. 498, SD 2, HD 1  
 S.B. No. 1254, SD 1, HD 1  
 S.B. No. 1336, SD 2, HD 1  
 S.B. No. 1221, SD 2, HD 2  
 S.B. No. 1010, SD 1, HD 2  
 S.B. No. 1003, SD 2, HD 1  
 S.B. No. 614, SD 1, HD 2

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1522) recommending that S.B. No. 606, SD 2, HD 1, as amended in HD 2, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 606, SD 2, HD 2, entitled: "A BILL FOR AN ACT RELATING TO THE UNIVERSITY OF HAWAII," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1523) recommending that S.B. No. 877, SD 1, HD 1, as amended in HD 2, pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 877, SD 1, HD 2 pass Third Reading, seconded by Representative Awana.

Representative Ward rose to speak in opposition to the measure, stating:

"Mr. Speaker, I rise in opposition with brief comments. Mr. Speaker, this is about the Labor Relations Board and giving it more powers to what I think it says to be more efficient but in effect it's going to be more inefficient.

"There are two problems with this bill. The first is, it's suggesting, rather than certified mail to notify the party to show up to a hearing, it becomes regular mail. Mr. Speaker, they're doing this to save a whopping \$2,200 to possibly make a small business person show or not show up and be fined, and this is where the second part is bad, for contemptuous behavior. This bill, in its second instance, gives almost the same power that circuit courts have to reprimand people for contemptuous and disrespectful behavior.

"Labor relations boards are not courts but the fact that we're trying to save a few cents by not telling people through certified mail for certain you've got to show up and for certain you received it, you can't wiggle out of it. I just don't see the logic of that, Mr. Speaker. So it's pennywise, pound foolish, and it's getting to the point where we're empowering it as a mini court. Thank you."

Representative Hashem rose to speak in support of the measure, stating:

"Mr. Speaker, I stand in support. The reasoning is, this bill, by not requiring the Labor Board to do registered mail, will save about \$2,000 to \$3,000 for the department. That's all. Thank you."

Representative Fale rose in opposition to the measure and asked that the remarks of Representative Ward be entered into the Journal as his own, and the Chair "so ordered." (By reference only.)

Representative Thielen rose to speak in opposition to the measure, stating:

"Thank you, Mr. Speaker. In opposition, Mr. Speaker. I think that this bill really should be labeled a bad bill for small business. We know that we're having some difficulties with the United States Post Office now. They're now going to be, I guess, dropping the Saturday delivery.

"What will protect small businesses is to keep the requirement that they receive the notification by certified mail. It may be saving the Department of Labor some money, a very minimal amount of money, but it could cost our small business community significant money if that ordinary mail letter does not reach them, and then they'll be subject to some sanctions from the Labor Board. I think it's an anti-small business measure and I vote no."

Representative Luke rose to speak in support of the measure, stating:

"Mr. Speaker, briefly in support. Actually it's the other way around. Because the Department of Labor is requiring certified or registered mail it takes a little bit longer because somebody needs to be there. If it's closed or you can't find them, they can't give the notice. For first class mail at least there's some assurances the mailed will be dropped.

"If it's certified or registered, unless somebody signs for it they're never going to get it. If it's stuck at the post office and nobody knows about it, they're not going to get the notice. Thank you."

Representative Ward rose to respond, stating:

"Mr. Speaker, second time. Mr. Speaker, precisely because of the previous speaker's speech, that's precisely why we should go to certified mail. Mailing it in time to get it, to make sure. These are leading procedures, these are things that people can be fined thousands of dollars for. If we give them this permission to be contemptuous in their behavior, they can be jeopardizing in the survival of their business. So why do we want to save \$2,200? Why do we want to save \$2,000 and threaten our small business community? That doesn't make any sense, Mr. Speaker. Let's use our logic, let's use common sense, and this bill doesn't meet either criteria. Thank you."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 877, SD 1, HD 2, entitled: "A BILL FOR AN ACT RELATING TO OCCUPATIONAL SAFETY AND HEALTH HEARINGS," passed Third Reading by a vote of 44 ayes to 7 noes, with Representatives Cheape, Fale, Fukumoto, Johanson, McDermott, Thielen and Ward voting no.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1524) recommending that S.B. No. 896, SD 1, as amended in HD 1, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 896, SD 1, HD 1, entitled: "A BILL FOR AN ACT MAKING APPROPRIATIONS FOR COLLECTIVE BARGAINING COST ITEMS," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1525) recommending that S.B. No. 897, SD 1, as amended in HD 1, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 897, SD 1, HD 1, entitled: "A BILL FOR AN ACT MAKING APPROPRIATIONS FOR COLLECTIVE BARGAINING COST ITEMS," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1526) recommending that S.B. No. 898, SD 1, as amended in HD 1, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 898, SD 1, HD 1, entitled: "A BILL FOR AN ACT MAKING APPROPRIATIONS FOR COLLECTIVE BARGAINING COST ITEMS," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1527) recommending that S.B. No. 899, SD 1, as amended in HD 1, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 899, SD 1, HD 1, entitled: "A BILL FOR AN ACT MAKING APPROPRIATIONS FOR COLLECTIVE BARGAINING COST ITEMS," passed Third Reading by a vote of 51 ayes.

At 11:31 o'clock a.m., the Chair noted that the following bills passed Third Reading:

S.B. No. 606, SD 2, HD 2  
S.B. No. 877, SD 1, HD 2  
S.B. No. 896, SD 1, HD 1  
S.B. No. 897, SD 1, HD 1  
S.B. No. 898, SD 1, HD 1  
S.B. No. 899, SD 1, HD 1

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1528) recommending that S.B. No. 901, SD 1, as amended in HD 1, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 901, SD 1, HD 1, entitled: "A BILL FOR AN ACT MAKING APPROPRIATIONS FOR COLLECTIVE BARGAINING COST ITEMS," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1529) recommending that S.B. No. 902, SD 1, as amended in HD 1, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 902, SD 1, HD 1, entitled: "A BILL FOR AN ACT MAKING APPROPRIATIONS FOR COLLECTIVE BARGAINING COST ITEMS," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1530) recommending that S.B. No. 903, as amended in HD 1, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 903, HD 1, entitled: "A BILL FOR AN ACT MAKING APPROPRIATIONS FOR SALARY INCREASES FOR PUBLIC EMPLOYEES," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1536) recommending that S.B. No. 1209, SD 1, as amended in HD 1, pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 1209, SD 1, HD 1 pass Third Reading, seconded by Representative Awana.

Representative Thielen rose to speak in opposition to the measure, stating:

"Mr. Speaker, thank you. I'm rising to speak against Senate Bill 1209, which would permit vending from highways in the airspace. Thank you. Mr. Speaker, I think people that have been concerned about keeping our areas safe from billboards or other commercial activities should take a real hard look at Senate Bill 1209.

"This bill will allow the Director of Transportation alone, it's not with any oversight by the Legislature, the Director of Transportation can just issue a written permit authorizing someone to vend in the airspace either under or over the freeway. I'm concerned particularly because some of the more creative vendors will use this as a way, I think, to be able to put up billboards, and we've worked very hard in our state to prevent that, to keep our areas free of billboard blight.

"I would ask that Members look at this again and make sure that this is something that we want to see go through, or if you share my concern, then I would hope it would not emerge from Conference Committee. Thank you."

Representative Oshiro rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Ward rose to speak in opposition to the measure, stating:

"Mr. Speaker, the words of the Representative of Kailua are exactly my own. May you enter them into the Journal and add one footnote, please."

"I oppose the measure. For those of us who have visited and have seen the airspace used in the mainland, not only do you have billboards, but you have Goodyear blimps and other things and balloons and these guys that flop back and forth. All kinds of distractions to drivers. Thank you."

Representative Fukumoto rose to speak in opposition to the measure, stating:

"Thank you. I just wanted to note my opposition and also request written comments. In addition, I'm a little bit concerned because the Executive is right now stating that this is just about one particular project, but in their justification sheet they said it's to create revenue for the department. So, thank you."

Representative Fukumoto's written remarks are as follows:

"Mr. Speaker, I rise in opposition to SB 1209, SD 1, HD 1. The bill would change current law to allow, at the Director of Transportation's discretion, vending in the airspace of a highway. The measure uses the federal definition of airspace found in 23 CFR 710.105, which reads '*Airspace* means that space located above and/or below a highway or other transportation facility's established grade line, lying within the horizontal limits of the approved right-of-way or project boundaries.' My concern, Mr. Speaker, is that this bill could allow the Director of Transportation to issue permits for billboards and other advertisements in the airspace above our highways.

"Proponents of the bill have indicated that the measure is simply to address the problem that one building occupant has with hanging banners and other advertisements on their property. However, the Governor's initial justification sheet for the bill indicates that the measure is, in part, meant to be a revenue source for the Department of Transportation. It is unlikely that much revenue will be raised if the department only intends to issue a single permit.

"In short, the language and the purpose of this measure remains unclear, and we should receive further assurances and information from the department before we risk moving forward on what could be a significant change to our state's current policies. For this reason, I vote no on this measure. Thank you, Mr. Speaker."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 1209, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO HIGHWAYS," passed Third Reading by a vote of 43 ayes to 8 noes, with Representatives Cabanilla,

Cheape, Fale, Fukumoto, Johanson, McDermott, Thielen and Ward voting no.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1537) recommending that S.B. No. 1214, SD 1, HD 1, as amended in HD 2, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 1214, SD 1, HD 2, entitled: "A BILL FOR AN ACT RELATING TO TRANSPORTATION," passed Third Reading by a vote of 50 ayes to 1 no, with Representative McDermott voting no.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1539) recommending that S.B. No. 1082, SD 1, HD 1, as amended in HD 2, pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 1082, SD 1, HD 2 pass Third Reading, seconded by Representative Awana.

Representative Takai rose to speak in support of the measure, stating:

"Thank you, Mr. Speaker. I rise in support of this measure. Thank you. When we left session last year no one in this Chamber and I think the other Chamber realized how much of an impact the decisions that the Department of Education and the Board of Education was going to have on our children in school transportation. As you all know, we lost numerous routes throughout the state as a result of their decisions.

"This measure here is an important piece of solving the problem of student transportation, or at least the challenges that we face, because of the rising cost of student transportation. It was one of the things recommended by the consultant to the Department of Education in the November 2012 report.

"I strongly support this, but I just wanted to make mention, Mr. Speaker, that if we don't solve this problem, the problem about shortages of student transportation options and elimination of routes will continue. I don't want other colleagues of ours next fall to be caught in a situation that many of us were caught in at the start of this school year.

"So I'm hopeful that this and the other measure before us today will address the challenges that the department faces and they'll fix the student transportation problem throughout the state. Thank you, Mr. Speaker, and written comments in support. Thank you."

Representative Takai's written remarks are as follows:

"Mr. Speaker, I rise in support of this bill.

"Members, as you know, with student bus costs tripling to \$72.4 million over the past seven years and last year's school transportation budget leaving a \$17 million deficit, it's clear that student transportation is an important and crucial issue to our state. Last year, rather than taking money from other educational programs, we tried to address this deficit through budget cuts. We hoped that these cuts would encourage the Department of Education (DOE) to reign in and restructure contracting costs of private bus companies.

"In analyzing the management of these DOE bus contracts, the State Auditor reported that bus services have been managed 'ineffectively' and 'unsystematically.' In Report No. 12-07, *Management Audit of the Department of Education's School Bus Transportation Services*, the State Auditor determined that the DOE failed to acknowledge anticompetitive behavior, thus wasting state resources.

"Over the past few years, the private bus market in Hawaii has been monopolized and run by a few select big-name companies. Smaller companies have been run out and a lack of competition has led to increasingly higher costs and higher rates of rebid contracts. Simply stated, without competition and oversight, costs of private bus transportation will

continue to rise and we will continually face the dilemma of student transportation cuts.

"Without addressing the repercussions of anticompetitive behavior, this not only translates to a higher cost for students, but also into cuts in bus routes that inconveniences students and families. Throughout the past few years, bus costs have risen from \$0.35 to \$1.25. Furthermore, last year, the Department of Education was forced to cut student bus routes. These cuts were initially estimated to affect 20,000 students, decreased to 4,000 in June, and 2,380 in July (with the help of \$11.7 million in federal impact aid funds).

"These cuts place a further unreasonable burden on students and families, and without bus service, many students will choose to stay home. Take for example, Aiea Elementary School, where students come from as far away as Puu Wai Momi in Halawa. If bus service is not provided to these students, they would need to walk more than one mile across the entire Aloha Stadium property, and then over a six-lane freeway to get to school. Additionally, some children living in Aiea Heights and who attend Alvah Scott Elementary School on Moanalua Road would have a three mile walk to school. Aiea Heights Drive is a dangerous road, without adequate sidewalks, and safety is an understandable concern. It is with absolute certainty that a student will not learn if he or she isn't in school, and some kids will not go to school without student bus service.

"This bill encourages competitiveness among contractors and allows the DOE to create procedures to decrease student bus spending. It takes out contractual requirements by statute and allows for a larger pool of contractor applicants. Per the suggestions of the State Auditor for the DOE to 'develop and implement a policy concerning procurement training,' and to 'develop and implement procedures for reporting suspected anticompetitive practices,' these amendments give the DOE the leeway to create said policies and procedures.

"As legislators, we have to do our part to help the DOE manage the rising costs of student transportation. We cannot dehumanize the harsh truth of cutting student transportation and must remember that—not only will thousands of children and family members continue to be affected by the lack of access to school, but those who will suffer most will be the students that cannot afford to find other ways to commute. By cutting routes and not providing all public school children with an option for affordable, safe and efficient student transportation, we disregard our obligation as a state to provide each child with the same opportunity to get an education.

"For these reasons, I support this measure and urge my colleagues to do the same. Thank you."

Representative Carroll rose in support of the measure and asked that the remarks of Representative Takai be entered into the Journal as her own, and the Chair "so ordered." (By reference only.)

Representative Nishimoto rose in support of the measure and asked that the remarks of Representative Takai be entered into the Journal as his own, and the Chair "so ordered." (By reference only.)

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 1082, SD 1, HD 2, entitled: "A BILL FOR AN ACT RELATING TO TRANSPORTATION OF SCHOOL CHILDREN," passed Third Reading by a vote of 51 ayes.

At 11:39 o'clock a.m., the Chair noted that the following bills passed Third Reading:

S.B. No. 901, SD 1, HD 1  
 S.B. No. 902, SD 1, HD 1  
 S.B. No. 903, HD 1  
 S.B. No. 1209, SD 1, HD 1  
 S.B. No. 1214, SD 1, HD 2  
 S.B. No. 1082, SD 1, HD 2

Representatives McKelvey and Rhoads, for the Committee on Consumer Protection & Commerce and the Committee on Judiciary, presented a report (Stand. Com. Rep. No. 1541) recommending that S.B. No. 642, HD 1, as amended in HD 2, pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 642, HD 2 pass Third Reading, seconded by Representative Awana.

Representative Har rose in support of the measure with reservations and asked that her written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Har's written remarks are as follows:

"Mr. Speaker, I rise in support with reservations to Standing Committee Report 1541, Senate Bill 642, House Draft 2.

"While I support the medical marijuana law, marijuana remains a Schedule I Controlled Substance under federal law. Since federal law preempts state law, any amendments made to Hawaii's medical marijuana law also remain illegal under federal law. As such, federal enforcement agencies may conduct raids and make arrests for marijuana in Hawaii.

"For this reason, I support this measure but with reservations. Thank you, Mr. Speaker."

Representative Ito rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Cullen rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Aquino rose in support of the measure with reservations and asked that his written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Aquino's written remarks are as follows:

"Thank you Mr. Speaker. I am rising with reservations on Standing Committee Report 1541, SB 642, HD 2.

"Mr. Speaker, this measure may cause serious issues with our state's medical marijuana program. The current version, in Part II of the bill, has some areas of concern. First, the bill already implies that a transfer of the medical marijuana program has already happened. Currently, the program is administered by the Department of Public Safety, but the bill references the Department of Health as the administrative department. Secondly, some areas of concern includes a significant increase of usable marijuana, another increase to the patient to caregiver ratio, clarifying language that the physician who certifies a medical marijuana patient does not have to be the patient's primary care doctor and the prohibition of the location of the qualified plants on patients' registry card for verification purposes.

"Mr. Speaker, these concerns that I just mentioned may cause difficulties for law enforcement and raises more questions. Why the increase of usable marijuana and the patient to caregiver ratio? Wouldn't it make more sense to have a potential medical marijuana patient be certified under this program by his or her personal, primary care physician? Why not disclose the location of the medical marijuana plants on a patient's registry card so law enforcement verification may be done more quickly and efficiently?

"It is because of these concerns and doubts, Mr. Speaker, that I stand with strong reservations on SB 642, HD 2. *Mahalo.*"

Representative Fukumoto rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Johanson rose in support of the measure with reservations and asked that his written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Johanson's written remarks are as follows:

"Mr. Speaker, I rise with reservations on SB 642, HD 2. This bill would require cigarettes and tobacco products to be sold only in a direct, face-to-face exchange between the retailer and the consumer and would amend the Medical Use of Marijuana law. My concern is that this bill will make it much more difficult to ensure compliance with the medical marijuana program, and much more difficult for law enforcement agencies to determine when a crime is being committed.

"Additionally, marijuana is still a Schedule I Controlled Substance under federal law. It is in violation of federal law to grow, distribute or use marijuana. Although this bill could legalize conduct that is currently prohibited under state law, federal law cannot be ignored.

"Also, allowing persons visiting from other states to use medical marijuana is also problematic, as we do not have the means to determine that a registry identification card is valid."

Representative Takayama rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Cheape rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Lowen rose in support of the measure and asked that her written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Lowen's written remarks are as follows:

"Mr. Speaker, I rise in support of SB 642 HD 2.

"Our medical marijuana laws were enacted in 2000. This bill improves on our existing law to make access to medication for Hawaii's seriously ill patients less burdensome, which could decrease recourse to the illegal marijuana market. The bill also improves confidentiality for both patients and caregivers, which is important for a safe and secure program.

"Medical marijuana has been proven to have significant therapeutic effect for sick patients, with fewer significant side effects compared to other types of medication. The expanded access to medication will also permit people to use the most effective and safest modes of ingestion.

"For these reasons I urge the Members to support this measure."

Representative Ichiyama rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Yamane rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Oshiro rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Yamashita rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Belatti rose to speak in support of the measure, stating:

"Mr. Speaker, in support with just one brief comment. I do want to point out that there is an addition of a certificate for the site where medical cannabis is grown that is now being required by this bill. This is another one of the smart measures embedded in this bill to improve and update our medical marijuana program. Thank you."

Representative Awana rose in support of the measure and asked that the remarks of Representative Belatti be entered into the Journal as her own, and that her written remarks be inserted in the Journal, and the Chair "so ordered." (By reference only.)

Representative Awana's written remarks are as follows:

"Mr. Speaker, I rise in support. This measure takes a look at where cigarettes and tobacco products are sold. Now it will be mandated that these items are placed behind the check-out counter. The other portion of

the bill as it relates to medical marijuana will be moved from the Department of Public Safety to the Department of Health. This is a common sense move for issues relating to medical marijuana where it should belong so it will be monitored in the proper department. For these reasons, I rise in support. Thank you, Mr. Speaker."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 642, HD 2, entitled: "A BILL FOR AN ACT RELATING TO HEALTH," passed Third Reading by a vote of 46 ayes to 5 noes, with Representatives Fale, Hashem, Tokioka, Tsuji and Ward voting no.

Representatives McKelvey and Rhoads, for the Committee on Consumer Protection & Commerce and the Committee on Judiciary, presented a report (Stand. Com. Rep. No. 1545) recommending that S.B. No. 655, SD 2, HD 1, as amended in HD 2, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 655, SD 2, HD 2, entitled: "A BILL FOR AN ACT RELATING TO HEALTH," passed Third Reading by a vote of 51 ayes.

Representative McKelvey, for the Committee on Consumer Protection & Commerce, presented a report (Stand. Com. Rep. No. 1546) recommending that S.B. No. 1073, SD 2, HD 1, as amended in HD 2, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 1073, SD 2, HD 2, entitled: "A BILL FOR AN ACT RELATING TO DENTAL SERVICE CORPORATIONS," passed Third Reading by a vote of 50 ayes to 1 no, with Representative McDermott voting no.

Representative McKelvey, for the Committee on Consumer Protection & Commerce, presented a report (Stand. Com. Rep. No. 1547) recommending that S.B. No. 470, SD 1, HD 1, as amended in HD 2, pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 470, SD 1, HD 2 pass Third Reading, seconded by Representative Awana.

Representative Takai rose in support of the measure and asked that his written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Takai's written remarks are as follows:

"Mr. Speaker, I rise in support of this bill.

"The purpose of this bill is to prohibit retailers from imposing credit card surcharges, in certain instances, on cardholders electing to make payment by credit card.

"The advantages of paying with credit card include tracking expenses, protection against fraud and theft, building credit history and gaining rewards. Thus, the credit card is an especially important, convenient, and safer method of payment for many consumers, and they should be able to use the credit card without any financial penalties.

"Implementing a surcharge or a 'checkout fee,' will discourage and prevent customers from using their credit cards. Customers should continue to have the freedom and option to choose whatever payment device works best for them, without any financial penalties influencing their decision.

"Some merchants, like hotels, rental cars and many online merchants, virtually require a credit card for their purchases, and giving them the ability to assess an additional fee for the transaction would simply provide unjust enrichment for the merchant.

"Visa and MasterCard banned the practice of surcharging credit card payments, so merchants could not financially penalize consumers who pay with credit card. However, effective January 28, 2013, this ban was lifted,

allowing merchants to now add a 'checkout fee' to the transaction, should their customer opt to use a credit card as their payment device.

"While this ban has been lifted by the bank card associations, 10 states have instituted a ban on surcharging and at least six other states have bills pending to implement the ban. We believe Hawaii should also implement this ban against surcharging.

"For these reasons, I support this measure and urge my colleagues to do the same. Thank you."

Representative Say rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Tokioka rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Har rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Kawakami rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Ito rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Choy rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 470, SD 1, HD 2, entitled: "A BILL FOR AN ACT RELATING TO CREDIT CARDS," passed Third Reading by a vote of 48 ayes to 3 noes, with Representatives Fale, McDermott and Oshiro voting no.

Representative McKelvey, for the Committee on Consumer Protection & Commerce, presented a report (Stand. Com. Rep. No. 1548) recommending that S.B. No. 120, SD 1 pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 120, SD 1, entitled: "A BILL FOR AN ACT RELATING TO PUBLIC UTILITIES," passed Third Reading by a vote of 50 ayes to 1 no, with Representative McDermott voting no.

Representative McKelvey, for the Committee on Consumer Protection & Commerce, presented a report (Stand. Com. Rep. No. 1549) recommending that S.B. No. 1045, SD 1, HD 1, as amended in HD 2, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 1045, SD 1, HD 2, entitled: "A BILL FOR AN ACT RELATING TO ELECTRIC COOPERATIVES," passed Third Reading by a vote of 50 ayes to 1 no, with Representative McDermott voting no.

At 11:45 o'clock a.m., the Chair noted that the following bills passed Third Reading:

S.B. No. 642, HD 2  
 S.B. No. 655, SD 2, HD 2  
 S.B. No. 1073, SD 2, HD 2  
 S.B. No. 470, SD 1, HD 2  
 S.B. No. 120, SD 1  
 S.B. No. 1045, SD 1, HD 2

Representative McKelvey, for the Committee on Consumer Protection & Commerce, presented a report (Stand. Com. Rep. No. 1551) recommending that S.B. No. 1040 pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 1040,

entitled: "A BILL FOR AN ACT RELATING TO ELECTRIC SYSTEMS," passed Third Reading by a vote of 51 ayes.

Representative McKelvey, for the Committee on Consumer Protection & Commerce, presented a report (Stand. Com. Rep. No. 1552) recommending that S.B. No. 15, SD 2, HD 1, as amended in HD 2, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 15, SD 2, HD 2, entitled: "A BILL FOR AN ACT RELATING TO ENERGY," passed Third Reading by a vote of 51 ayes.

Representative McKelvey, for the Committee on Consumer Protection & Commerce, presented a report (Stand. Com. Rep. No. 1555) recommending that S.B. No. 586, SD 1, HD 1, as amended in HD 2, pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 586, SD 1, HD 2 pass Third Reading, seconded by Representative Awana.

Representative Tsuji rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Cullen rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 586, SD 1, HD 2, entitled: "A BILL FOR AN ACT RELATING TO AGRICULTURAL BUILDING PERMITS," passed Third Reading by a vote of 50 ayes to 1 no, with Representative Ito voting no.

Representative McKelvey, for the Committee on Consumer Protection & Commerce, presented a report (Stand. Com. Rep. No. 1557) recommending that S.B. No. 507, SD 1, as amended in HD 1, pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 507, SD 1, HD 1 pass Third Reading, seconded by Representative Awana.

Representative Cullen rose to disclose a potential conflict of interest, stating:

"Ruling on a potential conflict. I'm on a planned association neighborhood board. Thank you," and the Chair ruled, "no conflict."

Representative Ichiyama rose to disclose a potential conflict of interest, stating:

"Thank you, Mr. Speaker. Ruling on a potential conflict. At my law firm I represent community associations. Thank you," and the Chair ruled, "no conflict."

Representative Takai rose to disclose a potential conflict of interest, stating:

"Thank you, Mr. Speaker. Ruling on a potential conflict. I'm an officer in a planned community association. Thank you," and the Chair ruled, "no conflict."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 507, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO PLANNED COMMUNITY ASSOCIATIONS," passed Third Reading by a vote of 51 ayes.

Representative McKelvey, for the Committee on Consumer Protection & Commerce, presented a report (Stand. Com. Rep. No. 1558) recommending that S.B. No. 682, SD 2, HD 1 pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 682, SD 2, HD 1, entitled: "A BILL FOR AN ACT RELATING TO FIRE PROTECTION," passed Third Reading by a vote of 51 ayes.

Representative McKelvey, for the Committee on Consumer Protection & Commerce, presented a report (Stand. Com. Rep. No. 1560) recommending that S.B. No. 506, SD 2, HD 1, as amended in HD 2, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 506, SD 2, HD 2, entitled: "A BILL FOR AN ACT RELATING TO PROFESSIONAL AND VOCATIONAL LICENSING," passed Third Reading by a vote of 51 ayes.

At 11:49 o'clock a.m., the Chair noted that the following bills passed Third Reading:

S.B. No. 1040  
S.B. No. 15, SD 2, HD 2  
S.B. No. 586, SD 1, HD 2  
S.B. No. 507, SD 1, HD 1  
S.B. No. 682, SD 2, HD 1  
S.B. No. 506, SD 2, HD 2

Representative McKelvey, for the Committee on Consumer Protection & Commerce, presented a report (Stand. Com. Rep. No. 1563) recommending that S.B. No. 1077, SD 2, HD 1, as amended in HD 2, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 1077, SD 2, HD 2, entitled: "A BILL FOR AN ACT RELATING TO THE OWNER-BUILDER EXEMPTION," passed Third Reading by a vote of 51 ayes.

Representative Rhoads, for the Committee on Judiciary, presented a report (Stand. Com. Rep. No. 1568) recommending that S.B. No. 8, SD 1, HD 1, as amended in HD 2, pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 8, SD 1, HD 2 pass Third Reading, seconded by Representative Awana.

Representative Aquino rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Cullen rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Yamane rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Har rose in opposition to the measure and asked that her written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Har's written remarks are as follows:

"Mr. Speaker, I rise in opposition to Standing Committee Report 1658, Senate Bill 8, Senate Draft 1, House Draft 2. This bill would prohibit pet owners from performing surgical procedures on pet animals. Although I respect and support the intent of this bill, I stand in opposition for the following reason.

"This bill would only penalize responsible pet breeders. Responsible pet breeders are experts in their specific breed and are well-versed in tail-docking and ear cropping. As such, these responsible pet breeders have studied the breeds in which they specialize and are equipped to perform these procedures themselves. When a litter is born, it is well-accepted that docking and cropping be performed within 3-5 days. Interestingly, veterinarians do not use anesthesia because a puppy's nervous system is

not developed between 3-5 days. In this case, there is little difference between a veterinarian and an experienced breeder performing these procedures.

"For this reason, I respectfully oppose this measure. Thank you, Mr. Speaker."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 8, SD 1, HD 2, entitled: "A BILL FOR AN ACT RELATING TO VETERINARY MEDICINE," passed Third Reading by a vote of 46 ayes to 5 noes, with Representatives Har, Kawakami, Morikawa, Ohno and Tokioka voting no.

Representative Rhoads, for the Committee on Judiciary, presented a report (Stand. Com. Rep. No. 1569) recommending that S.B. No. 9, SD 1, HD 1, as amended in HD 2, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 9, SD 1, HD 2, entitled: "A BILL FOR AN ACT RELATING TO ANIMALS," passed Third Reading by a vote of 50 ayes to 1 no, with Representative Morikawa voting no.

Representative Rhoads, for the Committee on Judiciary, presented a report (Stand. Com. Rep. No. 1570) recommending that S.B. No. 66, SD 1, HD 1, as amended in HD 2, pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 66, SD 1, HD 2 pass Third Reading, seconded by Representative Awana.

Representative Jordan rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Say rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Oshiro rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 66, SD 1, HD 2, entitled: "A BILL FOR AN ACT RELATING TO THE CODE OF ETHICS," passed Third Reading by a vote of 51 ayes.

Representative Rhoads, for the Committee on Judiciary, presented a report (Stand. Com. Rep. No. 1571) recommending that S.B. No. 960, SD 1, HD 1 pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 960, SD 1, HD 1 pass Third Reading, seconded by Representative Awana.

Representative Ichiyama rose to disclose a potential conflict of interest, stating:

"Mr. Speaker, I request a ruling on a potential conflict. I do foreclosure work at my law firm. Thank you," and the Chair ruled, "no conflict."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 960, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO FORECLOSURES," passed Third Reading by a vote of 51 ayes.

At 11:53 o'clock a.m., the Chair noted that the following bills passed Third Reading:

S.B. No. 1077, SD 2, HD 2  
S.B. No. 8, SD 1, HD 2  
S.B. No. 9, SD 1, HD 2  
S.B. No. 66, SD 1, HD 2  
S.B. No. 960, SD 1, HD 1



Representative Rhoads, for the Committee on Judiciary, presented a report (Stand. Com. Rep. No. 1573) recommending that S.B. No. 1357, SD 2, HD 1 pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 1357, SD 2, HD 1, entitled: "A BILL FOR AN ACT RELATING TO TRANSPORTATION," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1575) recommending that S.B. No. 753, SD 2, HD 1 pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 753, SD 2, HD 1 pass Third Reading, seconded by Representative Awana.

Representative Jordan rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Tokioka rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Cabanilla rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Oshiro rose to speak in support of the measure with reservations, stating:

"Thank you, Mr. Speaker. I have some reservations on this measure. In particular it's some of the language that was put into this bill, Section 4 striking the disposition and inserting the description of land transactions. Thank you, Mr. Speaker."

Representative Tsuji rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Cullen rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Hashem rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Har rose in support of the measure with reservations and asked that her written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Har's written remarks are as follows:

"Mr. Speaker, I rise in support with reservations to Standing Committee Report 1575, Senate Bill 753, Senate Draft 2, House Draft 1. This bill allows the Department of Agriculture to lease lands to the Agribusiness Development Corporation in order to provide more land access for farmers, to create more jobs in the agricultural industry and to decrease our dependence on a foreign food supply. Although I support the original intent of this bill, I do have reservations.

"This bill, in its current form, promotes a very small and specific sector of the agricultural industry. While I appreciate having choices with organic, we need to promote all agriculture, not just organic. Multiple testimonies stated the need for more affordable livestock feed for all agriculture, so why are we encouraging production of only organic feed? All farmers feel the effects of the high cost of feed, not just organic farmers. On a larger scale, we should be supporting bills that not only spur local organic food production but encourage ALL local food production, if we are to be truly sustainable.

"For this reason, I support this bill with reservations. Thank you, Mr. Speaker."

Representative Say rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Cheape rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Thielen rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 753, SD 2, HD 1, entitled: "A BILL FOR AN ACT RELATING TO AGRICULTURE," passed Third Reading by a vote of 50 ayes to 1 no, with Representative Choy voting no.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1577) recommending that S.B. No. 668, SD 2, HD 1 pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 668, SD 2, HD 1 pass Third Reading, seconded by Representative Awana.

Representative Say rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Har rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 668, SD 2, HD 1, entitled: "A BILL FOR AN ACT RELATING TO HEALTH," passed Third Reading by a vote of 50 ayes to 1 no, with Representative Cabanilla voting no.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1581) recommending that S.B. No. 238, HD 1, as amended in HD 2, pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 238, HD 2 pass Third Reading, seconded by Representative Awana.

Representative Ito rose to disclose a potential conflict of interest, stating:

"Mr. Speaker, ruling on a potential conflict. My wife and myself are members of the HSTA-R retired. And also my daughter is a teacher and a member of the HSTA lobbying team. Thank you," and the Chair ruled, "no conflict."

Representative Kawakami rose to disclose a potential conflict of interest, stating:

"Thank you, Mr. Speaker. Ruling on a potential conflict. My wife is a school teacher, member of HSTA. Thank you," and the Chair ruled, "no conflict."

At 12:01 o'clock p.m., the Chair declared a recess subject to the call of the Chair.

The House of Representatives reconvened at 12:02 o'clock p.m.

At 12:02 o'clock p.m., Representative McDermott requested a recess and the Chair declared a recess subject to the call of the Chair.

The House of Representatives reconvened at 12:09 o'clock p.m.

At this time, Representative Saiki moved that notwithstanding the recommendations contained in Standing Committee Report No.1581, that S.B. No. 238, HD 2, be recommitted to the Committee on Education, seconded by Representative Awana.

At 12:10 o'clock p.m., Representative Oshiro requested a recess and the Chair declared a recess subject to the call of the Chair.

The House of Representatives reconvened at 12:12 o'clock p.m.

Representative Ward rose to speak in opposition to the motion to recommit, stating:

"Mr. Speaker, I have two reasons to vote against the recommittal. Number one, we have the votes to kill the bill. This is a democratic process, we have the votes now to say, 26 people don't want this bill. Why do we have to recommit?"

"Number two, teachers deserve to know where we stand on this and that's why voting is what we do as Representatives, Mr. Speaker. So for those reasons, I'm against the recommittal."

Representative Saiki rose to speak in support of the motion to recommit, stating:

"Mr. Speaker, I rise in support of this motion to recommit. I'd just like to clarify that this motion is an incidental motion that takes priority over the main motion and that the votes can be reflected in the record. If a Member opposes this motion, then the Member should rise and state that opposition. Thank you."

At 12:13 o'clock p.m., Representative Takumi requested a recess and the Chair declared a recess subject to the call of the Chair.

The House of Representatives reconvened at 12:14 o'clock p.m.

Representative Jordan rose to speak in opposition to the motion to recommit, stating:

"Mr. Speaker, I'm speaking in opposition for recommitting this measure. I would like my vote for affirmative, meaning yes on this measure, to stand before public view. My district, for my schools have gone to longer institutional hours under the School Innovation Zone and I want to show my support for my schools, Mr. Speaker. Thank you very much."

Representative Tokioka rose, stating:

"Mr. Speaker, point of information. As the debate was going on and the Majority Floor Leader called out the votes, is that announcement still going to be part of the Journal?"

The Chair then stated:

"That vote was not final. That will not be recorded."

Representative Tokioka continued to speak in opposition to the motion to recommit, stating:

"Okay, then I guess I've got to stand in opposition to the recommittal. Thank you, Mr. Speaker."

Representative Ward rose, stating:

"Mr. Speaker, point of information. Is this same ruling applicable to the minority who came out against this and that will not be on the record also? And for the reason, why should that not be on the record?"

The Chair then stated:

"The minority didn't have the opportunity to change the vote."

Representative Ward: "But the Minority Leader gave the votes."

The Chair addressed Representative Ward, stating:

"You're out of order sir. The question is on the procedure. It has nothing to do with the previous vote."

Representative Ward: "So the previous votes will not have been recorded. So my no vote that she spoke out will not be reflected in the history of this session."

Speaker Souki: "It will not be reflected."

Representative Ward: "That's a bit odd, Mr. Speaker."

At 12:17 o'clock p.m., Representative Fukumoto requested a recess and the Chair declared a recess subject to the call of the Chair.

The House of Representatives reconvened at 12:22 o'clock p.m.

At this time, Representative Saiki withdrew his motion, and Representative Awana withdrew her second.

(Main Motion)

At this time, the Chair stated:

"The Chair would request all the Members who wish to change their vote, please state your change now if you voted up and you wish to vote down. Please change your vote."

"The Chair is going to call a recess to count the votes."

At 12:25 o'clock p.m., the Chair declared a recess subject to the call of the Chair.

The House of Representatives reconvened at 12:26 o'clock p.m.

The motion that the report of the Committee be adopted, and that S.B. No. 238, HD 2, pass Third Reading, was put to vote by the Chair and failed to carry, and S.B. No. 238, HD 2, entitled: "A BILL FOR AN ACT RELATING TO EDUCATION," did not pass Third Reading by a vote of 21 ayes to 30 noes, with Representatives Aquino, Brower, Cabanilla, Carroll, Cheape, Coffman, Cullen, Fale, Fukumoto, Hanohano, Har, Hashem, Ing, Ito, Johanson, Kawakami, Lee, Lowen, McDermott, McKelvey, Morikawa, Say, Takai, Thielen, Tokioka, Tsuji, Ward, Woodson, Wooley and Yamane voting no.

At this time, the Chair stated:

"Alright, Stand. Comm. Report Number 1581, Senate Bill Number 238. The bill dies for lack of votes. It was 30 noes on this measure, so the bill dies for lack of votes."

At this time, the Chair noted that S.B. No. 238, HD 2 did not pass Third Reading.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1583) recommending that S.B. No. 1084, SD 1, HD 1 pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 1084, SD 1, HD 1 pass Third Reading, seconded by Representative Awana.

Representative Jordan rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative McKelvey rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Lowen rose in support of the measure with reservations and asked that her written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Lowen's written remarks are as follows:

"Mr. Speaker, I rise with reservations on SB 1084 HD 1, which proposes a constitutional amendment to allow appropriation of public funds for private early childhood education programs.

"Early childhood education is a proven way to help reduce the gap in achievement that exists for lower-income children. Public funding will provide access to these programs for the families that need them most, and I am strongly in support of expanding access to early childhood education in our state. However, I think that this issue merits further discussion about alternatives to providing these services. The current proposal is one approach, but there may be other options, including taking a second look at the Junior Kindergarten program and why it was unsuccessful, and other possible ways to provide for early childhood education within the public system.

"Moreover, there is a need for further discussion about what will be the most effective approach to early education. Simply imposing our current approach—separating children based on age, assuming that children at different stages of development or levels of achievement do not benefit from working with each other and then establishing a set of learning standards that don't provide for the uniqueness of each individual—may leave us facing the same issues in early childhood education that we are already having with the K-12 system.

"For these reasons, I have reservations about this measure."

Representative Coffman rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Ward rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 1084, SD 1, HD 1, entitled: "A BILL FOR AN ACT PROPOSING AN AMENDMENT TO ARTICLE X, SECTION 1, OF THE HAWAII STATE CONSTITUTION TO PERMIT THE APPROPRIATION OF PUBLIC FUNDS FOR PRIVATE EARLY CHILDHOOD EDUCATION PROGRAMS," passed Third Reading by a vote of 42 ayes to 9 noes, with Representatives Cabanilla, Carroll, Fale, Fukumoto, Hanohano, Ito, Johanson, Morikawa and Takai voting no.

At 12:27 o'clock p.m., the Chair noted that the following bills passed Third Reading:

S.B. No. 1357, SD 2, HD 1  
S.B. No. 753, SD 2, HD 1  
S.B. No. 668, SD 2, HD 1  
S.B. No. 1084, SD 1, HD 1

At 12:27 o'clock p.m., the Chair declared a recess subject to the call of the Chair.

The House of Representatives reconvened at 12:28 o'clock p.m.

At this time, the Chair stated:

"Representative Saiki, you want to tell the Members the good news that we have, that we're going to be recessing for lunch? We'll be in recess until 1:30. 12:30 to 1:30. It's hosted by the Speaker. Thank you. This is for both sides of the aisle. Recess."

At 12:29 o'clock p.m., the Chair declared a recess subject to the call of the Chair.

The House of Representatives reconvened at 1:45 o'clock p.m., with Vice Speaker Mizuno presiding.

At this time, the Chair stated:

"Members, please note that the Senate has adjourned a little before 1:00 p.m. I just wanted to share with you that information. The Senate has adjourned their Floor session a little before 1:00 p.m.

"Members, please note that the Chair will be deferring the following items to the end of the calendar:

Page 18, Stand. Com. Rep. No. 1562, Senate Bill No. 987, SD 1, HD 1;  
Page 20, Stand. Com. Rep. No. 1576, Senate Bill No. 757, SD 2, HD 2;  
Page 22, Stand. Com. Rep. No. 1596, Senate Bill No. 1057, SD 2, HD 1;  
Page 22, Stand. Com. Rep. No. 1597, Senate Bill No. 946, SD 1, HD 1;  
Page 22, Stand. Com. Rep. No. 1601, Senate Bill No. 381, SD 2, HD 2;  
Page 22, Stand. Com. Rep. No. 1602, Senate Bill No. 49, SD 2, HD 2;  
Page 25, Senate Bill No. 1092, SD 1, HD 1;  
Page 26, Senate Bill No. 1094, SD 1, HD 1; and  
Page 28, Senate Bill No. 1194, SD 2, HD 1.

"Deferred to the end of the calendar."

Representative McKelvey, for the Committee on Consumer Protection & Commerce, presented a report (Stand. Com. Rep. No. 1562) recommending that S.B. No. 987, SD 1, as amended in HD 1, pass Third Reading.

By unanimous consent, action was deferred to the end of the calendar.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1576) recommending that S.B. No. 757, SD 2, HD 1, as amended in HD 2, pass Third Reading.

By unanimous consent, action was deferred to the end of the calendar.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1596) recommending that S.B. No. 1057, SD 2, as amended in HD 1, pass Third Reading.

By unanimous consent, action was deferred to the end of the calendar.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1597) recommending that S.B. No. 946, SD 1, HD 1 pass Third Reading.

By unanimous consent, action was deferred to the end of the calendar.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1601) recommending that S.B. No. 381, SD 2, HD 1, as amended in HD 2, pass Third Reading.

By unanimous consent, action was deferred to the end of the calendar.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1602) recommending that S.B. No. 49, SD 2, HD 1, as amended in HD 2, pass Third Reading.

By unanimous consent, action was deferred to the end of the calendar.

### THIRD READING

#### **S.B. No. 1092, SD 1, HD 1:**

By unanimous consent, action was deferred to the end of the calendar.

#### **S.B. No. 1094, SD 1, HD 1:**

By unanimous consent, action was deferred to the end of the calendar.

#### **S.B. No. 1194, SD 2, HD 1:**

By unanimous consent, action was deferred to the end of the calendar.

## UNFINISHED BUSINESS

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1584) recommending that S.B. No. 1093, SD 2, HD 1, as amended in HD 2, pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 1093, SD 2, HD 2 pass Third Reading, seconded by Representative Awana.

Representative Johanson rose in support of the measure with reservations and asked that his written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Johanson's written remarks are as follows:

"Mr. Speaker, I rise with reservations on SB 1093, SD 2, HD 2. This bill would establish the School Readiness Program within the Early Learning System as a component of the Governor's Early Learning initiative. While the bill has a noble goal of helping expand access to educational programs, I am wary about the potential impact on schools that may have a religious affiliation, such as many of the schools in my district, including Aiea Hongwanji Preschool. The Attorney General has submitted testimony confirming that affected schools would have to ensure that their mission does not conflict with state positions. Because I believe in the autonomy of private schools, I will be voting with reservations."

Representative Fukumoto rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Fale rose in support of the measure with reservations and asked that his written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Fale's written remarks are as follows:

"Mr. Speaker, I rise with reservations regarding Senate Bill 1093, SD 2, HD 2. This bill, 'establishes the School Readiness Program within the Early Learning System.'

"This measure seems rushed and I believe that it needs more time to be vetted. In a recent House Finance Committee meeting on this measure, straightforward questions from the committee about how much money the program will require and how many children it will serve were met with evolving answers. The Governor's Executive Office on Early Learning – the very people who will be charged with implementing this program – were all too ready to amend the plan and consider new ideas.

"Mr. Speaker, this does not seem to be the way to present sound public policy. Clearly the administration is in favor of this measure, but by their own testimony, they seem to be ready to change the plan and consider something else. This leads me to believe that this is not a well thought out proposal and that it has been presented prematurely.

"Mr. Speaker, for these reasons I rise with reservations regarding Senate Bill 1093, SD 2, HD 2."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 1093, SD 2, HD 2, entitled: "A BILL FOR AN ACT RELATING TO SCHOOL READINESS," passed Third Reading by a vote of 49 ayes to 2 noes, with Representatives Cabanilla and Hanohano voting no.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1585) recommending that S.B. No. 1095, SD 2, HD 1, as amended in HD 2, pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 1095, SD 2, HD 2 pass Third Reading, seconded by Representative Awana.

Representative Jordan rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative McKelvey rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Ward rose to speak in support of the measure with reservations, stating:

"Mr. Speaker, with reservations and a brief comment. Mr. Speaker, I have two concerns. One is the concern about the substance itself and secondly is a confession. As a freshman I naively thought that the decisions we made were based upon numbers, were based upon data. After 15 years I find that sometimes there's no numbers, there's no data.

"But this bill really calls for something because early learning is a concept, it is one of the best that there is but it's one of the easiest things that we could do poorly. What I'm referring to is the learning curve that the billion dollar program called Head Start has attempted to do and has spent \$8 billion a year which began back in the 50's or the 60's actually with the War on Poverty that President Johnson began. My fear is that the studies that they did in 2010 and 2012 by the Department of Health and Human Services, they basically said that Head Start was a failure. That those who went into it didn't markedly show any difference in 1st and 3rd grade reading.

"So my point is, Mr. Speaker, and I said this to the Governor directly as he sat for 2 1/2 hours very patiently, honored the Finance Committee by his presence and his answers, but I told him very directly, Governor, this is one of the things if we do it we should do it well. Mr. Speaker, my concern is that the lessons that we have learned from Head Start be built into it, and then secondly that we have metrics to measure how effectively we're doing.

"Two of the things missing in the metrics that seem to be implied by this bill are that one, the underserved are not being served. The metric of those people who are the hardest to reach, if we don't show that we're reaching them here, all we've got is a middle class babysitting program. Mr. Speaker, the money that's going to go into this program is up \$135 million when it gets full blown. This is not chump change, this is a serious bill.

"The second thing we need to do is to know that when they do reach the 1st and the 3rd grade, that they do have a leg up, that there has been a difference. Short of those metrics, Mr. Speaker, we're throwing good money after bad in the sense that if we've learned anything from Head Start, we should learn this.

"One of my colleagues in the Finance Committee said that we have a free Head Start program in our community and only half the people show up. I asked the Governor and his 18 executives, what do we do about this? And they said there's a parental outreach, a recruitment to get parents involved, to get the kids involved.

"The point is we've got to reach out to the underserved youth and those families that otherwise may not be functional enough to what otherwise is the highest correlation in any study in any part of the world for the last 100 years. Student achievement is linked to parental involvement. You've got to get the parents involved. If they do an outreach to do this and they get better than 50%, this would be a good investment.

"Clearly, education is the great equalizer in America. A lot of us or none of us would be here without an education. Mr. Speaker, we have to get them as early as possible. A brain is a terrible thing to waste but so is money if we don't learn from what we've done with Head Start and billions of dollars at the federal level. Thank you."

Representative Fukumoto rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Johanson rose in support of the measure with reservations and asked that his written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Johanson's written remarks are as follows:

"Mr. Speaker, I rise with reservations on SB 1095, SD 2, HD 2. This bill would establish the Early Childhood Education Program within the Early Learning System as a part of the Governor's Early Childhood Education initiative. While the bill has a noble goal of helping expand access to educational programs, I am concerned about the financial impact of this program. I do support the expansion of access to education, particularly for those who lack the financial means to afford private schooling, but there are a number of details that are lacking at the present for the creation of a major new governmental initiative. While this program is a great idea in theory, because of the lack of clear details regarding implementation and the large potential financial commitment by the state, I rise with reservations."

Representative Lowen rose in support of the measure with reservations and asked that her written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Lowen's written remarks are as follows:

"Mr. Speaker, I rise with reservations on SB 1095, SD 2, HD 2, which establishes a statewide early childhood education program.

"Early childhood education is a proven way to help reduce the gap in achievement that exists for lower-income children. Public funding will provide access to these programs for the families that need them most, and I am strongly in support of expanding access to early childhood education in our state. However, I think that this issue merits further discussion about alternatives to providing these services. The current proposal is one approach, but there may be other options, including taking a second look at the Junior Kindergarten program and why it was unsuccessful, and other possible ways to provide for early childhood education within the public system.

"Moreover, there is a need for further discussion about what will be the most effective approach to early education. Simply imposing our current approach—separating children based on age, assuming that children at different stages of development or levels of achievement do not benefit from working with each other and then establishing a set of learning standards that don't provide for the uniqueness of each individual—may leave us facing the same issues in early childhood education that we are already having with the K-12 system.

"For these reasons, I have reservations about this measure."

Representative Fale rose in support of the measure with reservations and asked that his written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Fale's written remarks are as follows:

"Mr. Speaker, I rise with reservations regarding Senate Bill 1095, SD 2, HD 2. This bill 'establishes the Early Childhood Education Program within the Early Learning System.' Mr. Speaker, this measure is very similar to other measures that are moving regarding school readiness.

"Senate Bill 1095, SD 2, HD 2 addresses early childhood education. Mr. Speaker, this program does not seem to be ready for presentation to the Legislature. Although it is being touted as early childhood education, it is in fact 'school readiness,' or more simply day care.

"In addition, the Hawaii State Constitution does not allow state monies to be expended towards private entities. Since the State of Hawaii has no intent on building its own preschool facilities, the state is relying upon existing private facilities.

"The constitutional prohibition becomes clear in the language of the bill which reads, 'This Act shall take effect on July 1, 2050; provided that a constitutional amendment permitting the appropriation of public funds for private early childhood education programs has been ratified.'

"Mr. Speaker, for these reasons I rise with reservations regarding Senate Bill 1095, SD 2, HD 2."

Representative Cheape rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 1095, SD 2, HD 2, entitled: "A BILL FOR AN ACT RELATING TO EARLY CHILDHOOD EDUCATION," passed Third Reading by a vote of 49 ayes to 2 noes, with Representatives Cabanilla and Hanohano voting no.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1586) recommending that S.B. No. 623, SD 2, HD 2, as amended in HD 3, pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 623, SD 2, HD 3 pass Third Reading, seconded by Representative Awana.

Representative Jordan rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Coffman rose to speak in opposition to the measure, stating:

"Thank you, Mr. Speaker. In opposition. What I find interesting here, this bill has really been opposed by the Administration. It's not supported by the Tax Department. It's basically supported by the people that wrote the bill, that's the PV industry.

"That should give you a hint as to why we're going from what's called a 'tax credit' to a loosely used term called 'production tax credit.' So here in the state we're going to obligate ourselves for 10 years to pay a subsidy to people producing electricity, which I'm already convinced they don't even need any subsidy right now for the utility scale. So, Mr. Speaker, I can't support this bill. Thank you."

Representative Yamashita rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Oshiro rose in opposition to the measure and asked that his written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Oshiro's written remarks are as follows:

"Mr. Speaker, I rise to speak in opposition to Senate Bill No. 623, House Draft 3. Among other things, this bill would replace the current renewable energy technology systems tax credit for solar energy property and wind energy property. More specifically, this bill would:

- Provide a renewable energy credit for solar water heaters at a rate of 35% with caps of \$2,500 for single-family residential applications, \$500 per unit for multi-family residential applications, and \$250,000 for commercial applications; and
- Provide a renewable energy tax credit for solar energy property that has an alternating current capacity which is less than one megawatt at a rate of 30% for solar energy property placed in service between January 1, 2012 and December 31, 2013, a rate of 25% between January 1, 2014 and December 31, 2016, a rate of 20% between January 1, 2016 and December 31, 2017, and a rate of 15% thereafter.

"The Department of Taxation ('DOTAX') testified that declining rates for each year will create an unnecessary rush for energy property to be installed and placed in service at the end of each year. This rush will cause compliance and enforcement issues for DOTAX and taxpayers who would have an incentive to claim the tax credit in the earlier year. Certainly, this has been the case with the current tax credit. Since the Governor issued revised tax rules last year, there has been a doubling of photovoltaic installations -- partially as a consequence of greater competition and market place dynamics, but also because of the inevitable legislative changes to this unsustainable government subsidy.

"Also, based on inquiries to DOTAX at the end of each calendar year, DOTAX raised concerns about the accuracy of tax information some

renewable energy installers have provided to taxpayers with respect to the taxable year in which the tax credit may be properly claimed. DOTAX's primary concern is that the taxpayer, not the installer, will be required to substantiate that they claimed the tax credit in the correct taxable year. That fact alone should be reason for pause as most homeowners are unaware of the intricacies of the tax laws, rules, and unit cost components.

"Lastly, DOTAX noted that for a 10-year production credit, assuming the same amount of capacity is installed each year starting in 2014 and ending in 2019, the amount of the tax credits that show up in the budget window will be only 35% of the actual total cost of the tax credit to the state's taxpayers. This is true regardless of the amount of the production tax credit per kilowatt hour. For example, for the systems installed in 2014, 60% of the total cost of the credit will be paid out in the budget window, whereas for systems installed in 2019, only 10% of the total cost of the credit will be paid in the budget window. In other words, any proposed revenue estimate for the production tax credit will account for only about one-third of its total cost with the rest of the cost becoming an unfunded liability in future years.

"This is not only poor fiscal policy but exposes the state to unnecessary expenditures that may not be offset by revenue gain in the year the credit is applied. Imagine reconciling the general fund accounts in a biennium or fiscal year with declining revenue and other important expenditures against previous years' production tax credits. Should tax credits trump health care for the aged, shelter for the homeless, or wages for our workers? Obviously not, but this may be an 'unintended' consequence and taxpayer reliance upon the 'comfort letter' almost guarantees this.

"While I agree with my colleagues that we need to promote alternative energy and self-sufficiency in Hawaii, we must also live within our means. In my view, because of the difficulties DOTAX will have in administering this tax credit, the confusion it will cause to taxpayers (and in particular raised expectations), and the uncertain fiscal impact this measure will have, I oppose this measure. Thank you."

Representative Fale rose to disclose a potential conflict of interest, stating:

"Mr. Speaker, just ruling on potential conflict. My wife has clients that are from the solar industry," and the Chair ruled, "no conflict."

Representative Hashem rose to disclose a potential conflict of interest, stating:

"Potential conflict. I'm a partner in a solar project," and the Chair ruled, "no conflict."

Representative Carroll rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Ward rose and asked that the Clerk record a no vote for him, and the Chair "so ordered."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 623, SD 2, HD 3, entitled: "A BILL FOR AN ACT RELATING TO RENEWABLE ENERGY," passed Third Reading by a vote of 44 ayes to 7 noes, with Representatives Coffman, Har, Hashem, McDermott, Oshiro, Say and Ward voting no.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1587) recommending that S.B. No. 1087, SD 2, HD 2, as amended in HD 3, pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 1087, SD 2, HD 3 pass Third Reading, seconded by Representative Awana.

Representative Woodson rose in support of the measure and asked that his written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Woodson's written remarks are as follows:

"I stand in strong support of measure SB 1087, SD 2, HD 3, Relating to Green Infrastructure. The intent of this measure is to create affordable financing programs, administered by the state, for those who would otherwise not be able to afford the large upfront costs required for green infrastructure installations. Existing programs and incentives do not serve the entire spectrum of the customer market, particularly those customers who lack capital. These potential customers are underserved, thus hinder the State of Hawaii from reaching its clean energy goals.

"However, if we allow the Public Utilities Commission and the Department of Business, Economic Development and Tourism the funds to acquire and provide alternative low-cost financing programs, we will potentially eliminate a large portion of upfront costs. With this elimination of initial cost, consumers will be granted the ability to afford the clean energy technology. I support and believe that as a direct result of this measure, as a state we will be able to achieve our 70% clean energy goal. "

Representative Fale rose in support of the measure with reservations and asked that his written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Fale's written remarks are as follows:

"Mr. Speaker, I rise with reservations regarding Senate Bill 1087, SD 2, HD 3. According to the bill, this measure 'establishes a regulatory financing structure that authorizes the PUC and DBEDT to provide low-cost loans for green infrastructure equipment to achieve measurable cost savings and Hawaii's clean energy goals.'

"Mr. Speaker, this bill will mandatorily raise the rates of all Hawaiian Electric customers in order to partially fund the new Hawaii green infrastructure authority. The money in the fund will then be used to administer green infrastructure loans.

"This measure will raise electrical utility costs on members of my community and especially those in poverty. In addition, it is clear that green infrastructure loans will not be given to everyone that pays for electricity in Hawaii, nor would these loans be appropriate for everyone. Therefore, this measure has the potential of producing more harm than good, for many members of the community that I represent.

"Mr. Speaker, for these reasons I rise with reservations regarding Senate Bill 1087, SD 2, HD 3."

Representative Fukumoto rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Ward rose to speak in opposition to the measure, stating:

"Mr. Speaker, I rise in opposition to this measure. Mr. Speaker, I may sound to some like a broken record but this is about getting PV on every roof, a mantra of my office. One that I fear with this bill which is ratcheting down the tax credit.

"The notion of a budding industry which is not even a baby industry as I've said many times, it's a zygote, it's not even here, we have less than 1% of our electricity coming out of PV.

"This is going to ratchet down the tax incentive. The lesson that we've learned is that when you downgrade the tax incentive like in solar water heaters you take away basically all of this work, that we're now saying we have a green revolution. You take away this incentive and it's going to kill the industry. There have been those who've said, well there's people gaming the system. You name me one law, one system that's not gamed by a few people. And as in my earlier lament as a freshmen we make stuff on data not anecdotes and hearsay. A lot of this stuff that's complaining about this bill is hearsay. There's no substantive data that says those people who gamed the system have really ripped off the state for billions and millions of dollars.

"We have \$5 billion that we're giving overseas to keep our electricity generated by oil. If we are serious we have to pay a little bit to give an incentive to our people to put solar on the roof, to put PV on the roof. This

one is the beginning of the slippery slope to slide away before we even get to probably 2% or 5% of our grid from PV to kill the industry.

"Mr. Speaker, policies are incentivized by particular bills. This is one of those that is de-incentivizing and I regret the demise of what otherwise we could be, not only the national leader, we could be a world leader in solar because we have been blessed with the sun day by day by day. For those reasons, Mr. Speaker, I think it's a bad policy bill and I vote no."

Representative Kawakami rose to speak in support of the measure, stating:

"Thank you, Mr. Speaker. In support of SB Number 1087, Relating to Green Infrastructure. To make a couple of notes for the previous speaker. This does not ratchet down the incentives, in fact it provides another means of incentivizing getting photovoltaic up on roofs. So, in support, Mr. Speaker."

Representative Thielen rose, stating:

"Mr. Speaker, I believe that my colleague from Hawaii Kai was speaking in opposition to Senate Bill 623, not the green infrastructure, but 623, which deals with the photovoltaic tax credit. I will leave it to him to correct that."

Representative Ward rose, stating:

"I yield to those who have corrected me again. The bills of which, because I missed this in our caucus, I was scrambling. It's 1586. No question about it. Senate Bill 623."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 1087, SD 2, HD 3, entitled: "A BILL FOR AN ACT RELATING TO GREEN INFRASTRUCTURE," passed Third Reading by a vote of 50 ayes to 1 no, with Representative McDermott voting no.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1588) recommending that S.B. No. 563, SD 3, HD 1, as amended in HD 2, pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 563, SD 3, HD 2 pass Third Reading, seconded by Representative Awana.

Representative Fale rose in support of the measure with reservations and asked that his written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Fale's written remarks are as follows:

"Mr. Speaker, I rise with reservations regarding Senate Bill 563, SD 3, HD 2. This measure 'amends the form and function of the Candidate Advisory Council for the Board of Regents of the University of Hawaii. Repeals the existing Regents Candidate Advisory Council.'

"Mr. Speaker, unfortunately the University of Hawaii Board of Regents selection process was changed a few years ago under the administration of the former governor. Testimony at that time reflected the sentiment that this was not an idea endorsed by the accrediting committee for the University of Hawaii. Now the legislature is trying to undo something that essentially was not a very good idea in the past.

"For these reasons, Mr. Speaker, I rise with reservations regarding Senate Bill 563, SD 3, HD 2."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 563, SD 3, HD 2, entitled: "A BILL FOR AN ACT RELATING TO THE UNIVERSITY OF HAWAII," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1594) recommending that S.B. No. 873, SD 2, HD 1 pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 873, SD 2, HD 1, entitled: "A BILL FOR AN ACT RELATING TO COLLECTION OF RESTITUTION FOR CRIME VICTIMS," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1595) recommending that S.B. No. 867, SD 2, HD 1 pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 867, SD 2, HD 1 pass Third Reading, seconded by Representative Awana.

Representative Oshiro rose to speak in support of the measure with reservations, stating:

"Mr. Speaker, I'll be voting up with reservations. Essentially my reservations stem from the fact that this is a very complicated area of law and collective bargaining regarding the EUTF and the retirees. I think it's important for us to make sure that we're examining this bill as it comes back from the Conference Committee.

"My concern is two-fold. Number one, that the removal of the cap on the contribution by the employers to the cost share of the health premiums for the retirants, without that cap we might not be able to begin to pay down the unfunded liability and exposure that's currently existing for both county and state employees under the presupposed employment benefits, that's one.

"Number two, according to the commentary from the Attorney General's Office, it may even preempt the ability of the employers themselves to properly fund and make the transfer of the required sums to the EUTF for the purposes of insuring the insurance coverage for the retirants, given the present language that has been stricken from currently Chapter 87.

"Another concern that I also have is that this may also tie into an ongoing case presently being litigated, I'm not sure if it's at the Supreme Court or the circuit court with ICA regarding whether or not a certain type and quantity of retirees' benefits are indeed protected under the State Constitution. These are very important questions, policy questions, very technically complex and legal questions, and that's the reason why I have my reservations. Thank you, Mr. Speaker."

Representative Say rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Fale rose in support of the measure with reservations and asked that the remarks of Representative Oshiro be entered into the Journal as his own, and the Chair "so ordered." (By reference only.)

Representative Kawakami rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Tokioka rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 867, SD 2, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND," passed Third Reading by a vote of 51 ayes.

At 2:03 o'clock p.m., the Chair noted that the following bills passed Third Reading:

S.B. No. 1093, SD 2, HD 2  
S.B. No. 1095, SD 2, HD 2  
S.B. No. 623, SD 2, HD 3

S.B. No. 1087, SD 2, HD 3  
 S.B. No. 563, SD 3, HD 2  
 S.B. No. 873, SD 2, HD 1  
 S.B. No. 867, SD 2, HD 1

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1599) recommending that S.B. No. 997, SD 2, HD 1, as amended in HD 2, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 997, SD 2, HD 2, entitled: "A BILL FOR AN ACT RELATING TO PUBLIC ARCHIVES," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1600) recommending that S.B. No. 1265, SD 1, HD 1 pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 1265, SD 1, HD 1 pass Third Reading, seconded by Representative Awana.

Representative Jordan rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 1265, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO CONTRACTS," passed Third Reading by a vote of 51 ayes.

At 2:05 o'clock p.m., the Chair noted that the following bills passed Third Reading:

S.B. No. 997, SD 2, HD 2  
 S.B. No. 1265, SD 1, HD 1

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1603) recommending that S.B. No. 82, SD 1, HD 1, as amended in HD 2, pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 82, SD 1, HD 2 pass Third Reading, seconded by Representative Awana.

Representative Jordan rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 82, SD 1, HD 2, entitled: "A BILL FOR AN ACT RELATING TO THE HAWAII PUBLIC HOUSING AUTHORITY," passed Third Reading by a vote of 51 ayes.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1610) recommending that S.B. No. 1171, SD 1, HD 1, as amended in HD 2, pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 1171, SD 1, HD 2 pass Third Reading, seconded by Representative Awana.

Representative Rhoads rose to speak in support of the measure with reservations, stating:

"Mr. Speaker, with reservations and just a couple of brief comments. The whole question here is phasing of projects and it seems to me like the difficulty is in how do you define a phase. There are certain projects where you may have a long term project in mind where it has several phases, but in some cases the whole project isn't done until all the phases are complete. In other kinds of projects, like a road widening project, even if you only finish one phase of it, it still can be useful for transportation purposes and be complete in just the one phase.

"So I hope the lead Chairs at conference can work out the correct language. I'm not sure we're there yet, but it does seem to me that this is a tricky issue but an important one. *Mahalo.*"

Representative Thielen rose to speak in opposition to the measure, stating:

"Thank you, Mr. Speaker. In opposition to Senate Bill 1171, which would allow segmented approval of developments. Mr. Speaker, if the Members would look at page 2 of the bill, what the Department of Transportation will be allowed to do is segment a project where 'the proposed project consists of corridors or large land areas,' where 'access to properties is restricted.' And then it uses the word 'or,' and my colleague from Wahiawa knows that 'or' means 'or' not 'and' in this instance. So 'or' where circumstances dictate that construction be done in stages.'

"Well that opens a door that's wide enough and large enough for an aircraft carrier to sail through. This really removes any restriction. I mean you could virtually put any project in your community, on the island of Oahu, neighbor islands, in here. 'Access to properties is restricted.' That's private property maybe, that the state may be acquiring an easement over it. 'Circumstances dictate that construction be done in stages.' Who makes that determination? The Director, out of the sight of the public.

"I mean, it really guts the whole archeological inventory study requirement and really I would say in essence the proponents of this bill just should have repealed the requirement to even do that because the exemptions are so wide they can fit virtually anything that the developer would want to do. When you look at this as being, in essence, a rail bill, the problem is that it's going to have a very negative impact not just on the rail corridor, but it's going to have a broader negative impact on all of the islands. Neighbor islands particularly where they're not going to want to see this exemption used.

"And then the whole thing, when you segment a project, Mr. Speaker, they did that in Los Angeles decades ago. They built a freeway coming from one direction, stopping at the boundary of a historic cemetery. They built the other section of the freeway coming from the other direction stopping at the other end of the historic cemetery. Guess what happened to the historic cemetery.

"So this is the whole situation here. You segment, you get your project in place and you eliminate your options to, number one, consider not to do that project, number two, to reroute it somewhere else.

"I think the bill is a very bad idea. Actually in all of the contacts that I've had from the public on any measure this session, and that includes some of the very controversial ones such as the decriminalization of marijuana, I would say that I've received more in opposition to this segmentation bill than on any other measure. And this is from people throughout the state. Some in the archaeology profession, others that are trying to protect Hawaiian resources, and others that don't believe our environmental law should be gutted. So I would encourage Members to take a hard look at this and to vote no. Thank you."

Representative Evans rose to speak in support of the measure, stating:

"Thank you, Mr. Speaker. I rise in support. Thank you. This talks about the Department of Land and Natural Resources and the State Historic Preservation Division and when they go in and do archeological inventory survey. In no means does this stop the EIS process. So a good example in my district is we have the Kawaihae Road Bypass. Very expensive project, very difficult, but when they looked at the different alignments they came up with over, I think 12, and they went out on site and they did their EIS.

"What we know here, EIS in Hawaii is a disclosure statement, it talks about people looking and trying to determine what is of record and what they might know. This is not addressing EIS. I think that's a real important distinction that people need to understand.

"This is the AIS. So for again the Kawaihae Road Bypass, they've done the EIS, it's very long, it's very complicated. They've already told the community they're going to do it in three phases. The way they do roads is



they can't build a phased road if it isn't usable so they will do three phases. They may start, let's say Kawaihae Harbor, work their way up the hill. They'll do the bypass road, they'll connect it back to a road so that the circulation, it's like you can't build a road to nowhere anymore. So they'll have this phased part. When they do that phased part they will contact the State Historic Preservation Division and they'll actually go out and do a lot more research, which maybe it's digging, I don't know, but that is where SHPD and DLNR has to go out and work on that phase.

"They've already told us with Kawaihae Road Bypass, it may take 20 years to get the full road in, but the one phase they might be able to get in 6 years from now. So I think the important part is to understand that some of these projects from the get-go, everybody knows they're phased.

"When it came to the Committees on Transportation and Water & Land, we understood that phasing is the way big projects are usually done, a lot of it because you don't know where the funding is coming from, especially with roads, you've got to go back to the federal government. You have to, like this project is \$110 million, they might get it in segments of \$40 and then \$50 and then \$30 million.

"So what we did when it got to our committee was we said, knowing that you have a huge project and you want to go in and say, this project we know from the get-go is phased, we put in this language that they have to have an agreement with DLNR and SHPD where everybody up-front understands that they're going to address this as a phased project. So that's why it says there's going to be a programmatic agreement.

"I appreciate everybody standing up and commenting on this, it is going to go to conference and maybe there needs to be a little more clarity in people's minds on some of the language we've used. But I think conceptually it's something that is probably really good that we're actually talking about it now. Because I think it's been a practice, it's probably been a practice around for a while and this will hopefully bring better clarity to everybody in terms of the projects. If it's a 20 year project and it goes in phases, we'll clearly understand up-front we've entered into a phased project and we have expectations. Thank you."

Representative Wooley rose to speak in opposition to the measure, stating:

"Thank you, Mr. Speaker. In opposition and I just want to make a couple of comments and then insert written comments if that's alright.

"I just want to echo the comments that the Vice Chair for Energy & Environmental Protection stated, and I also want to note that it did not go to that Committee and it also did not go to the Hawaiian Affairs Committee. My concern is that we're talking about bones, people's ancestors, and I really think we should have more discussion. Unfortunately, this does not have a defective date. It's going to be effective if the Senate agrees, so that does concern me.

"I do believe that there is an issue that deserves discussion. I know that DOT has raised issues as a result of the decision in rail, but I think this is premature. It's just an instant reaction to something that they didn't like and I think that we need to pause and make sure that we have a full discussion before moving forward. *Mahalo.*"

Representative Wooley's written remarks are as follows:

"I am also concerned that we have not had enough discussion on this issue to even begin to understand the full implications of adopting a phased approach. Allowing archeological discovery for a project to be done piecemeal, 'in phases,' will impair our ability to make the best decisions given the circumstances.

"The phased approach means that decision makers will have less information. Yet we know the more information we have, the better our decisions. Without information, we waste time and money undoing and/or litigating over what should or should not have been done.

"In addition, there is concern this phased approach will threaten *iwi* and historic sites. It's easy to imagine a DOT project moving forward in a way that accidentally causes cultural resources to be mauled or destroyed.

"Good planning simply requires we get a sense of the big picture before we start spending money on a project that could be doomed or will result in unnecessary conflict."

Representative Yamane rose to speak in support of the measure, stating:

"Thank you, Mr. Speaker. I'm standing in support. Thank you, Mr. Speaker. I know that people have been getting a number of emails and there've been a lot of concerns regarding the language in this measure that you see before you. I do want to state, and I have supporting documents that I will insert within my testimony, but I do want to highlight that we did receive language from the department as well as an individual, Greg Thielen, who is also in support, which states that this bill does not circumvent Chapter 6E, the historic preservation law, or any rules that were implemented regarding Chapter 6E. All required archaeological inventory studies, which is required by our HRS, will be completed, reviewed, and necessary mitigated or other actions.

"Mr. Speaker, the discussion regarding what we see here today is the issue about phasing. Mr. Speaker, I do want to highlight for the Members, because we all want projects and have projects affecting our communities, to note that all statewide-type programs are conducted typically in phases. Specifically for stuff like pedestrian and ADA compliancy as well as freeway management systems. They're done in phases, Mr. Speaker.

"Also, Mr. Speaker, all pavement projects are conducted regarding long corridor roads and highways. These, for example several of the highways are Kalaniana'ole, Kamehameha Highway, Farrington Highway, Hawaii Belt Road, Volcano Road, Kuakini Highway, Haleakala Highway, Kuhio Highway and Honoapiilani.

"Mr. Speaker, also because of the way the funding is situated, large projects are broken up in phases and some of these phases need to concur with the federal matching moneys. So I'll give you some other examples, Mr. Speaker. For example, Waimea Canyon Drive and Koke'e Road improvements, phases one and two are \$9 million. H-1 p.m. contraflow phases one and two, the reasons why they're broken up in phases is because phase one is Radford to Waiawa and the second phase is Waiawa to Paiwa, \$120 million.

"So Mr. Speaker, the reason why the issue is done in phases, it's not as simple as we go by the length of road or the name of the road, but we go by how the segments in which, one, we can ascertain state and federal matching funds, as well as improvements. Again, when they're going through the process of doing these improvements all archaeological processes are still in place. So if anything is found there needs to be mitigation.

"So, Mr. Speaker, as we talk about moving forward, as well as the addition of programmatic agreements which is consistent with federal law, we have a lot of projects, we have a lot of needs from what I've been told from the department that this would have an immediate chilling effect on projects and road improvements. Not just on new developments in highways and freeways. Thank you, Mr. Speaker."

Representative Yamane's written remarks are as follows:

"Thank you, Mr. Speaker. I stand in support of SB 1171: Relating to the Review of Historic Preservation Projects. This bill would allow the phased review of certain large projects by the Department of Land and Natural Resources' State Historic Preservation Division.

"The Departments of Accounting and General Services and Hawaiian Home Lands testified that this bill aims to make state law consistent with existing federal regulations regarding phasing of projects. Testimony provided by the Departments of Transportation and Agriculture highlighted that the bill would allow for the timely completion of large scale projects around the state. The Department of Transportation, specifically, cited a list of impacted projects. These projects include:

1. Mokulele Highway Widening, Kolaloa Bridge to Piilani Highway; \$3.7 million
2. Honoapiilani Highway Widening & Realignment, Maalea to Launiupoko; \$50 million
3. Haleakala Highway Widening, Hana Highway to Pukalani Bypass, Phase 1; \$9 million
4. H-1 PM Countraflow, Phase 1 and 2, Radford to Waiawa & Waiawa to Paiwa; \$120 million
5. Kohala Mountain Road, Drainage Improvements, Phase 1, 2, & 4; \$3 million
6. Puainako Street Widening, Kawili to Komohana; cost to be determined
7. Kaumualii Highway Widening, Lihue to Rice Street; \$30 million
8. Waimea Canyon Drive/Kokee Road Improvements, Phase 1 and 2; \$9 million
9. Kihei-Upcountry Highway; cost to be determined
10. Castle Hills Access Road, Drainage Improvement Phase 1 and 2; \$25 million
11. Kalaniana'ole Highway Improvements, Olomana Golf Course to Poalimia Street; \$50 million
12. Kanoelohua Avenue Widening, Kamehameha Avenue to Panaewa; \$6 million, cost for Phases 2 and 3 to be determined
13. All statewide-type programs are conducted in phases: pedestrian and ADA compliance, freeway management system, etc.
14. All pavement projects are conducted in phases for long corridors that cannot be funded in their entire length. E.g. Kalaniana'ole Highway, Kamehameha Highway, Farrington Highway, Hawaii Belt Road, Volcano Road, Kuakini Highway, Haleakala Highway, Kuhio Highway, Honoapiilani Highway, etc.

"For these abovementioned reasons, I believe SB 1171 will be beneficial to the state of Hawaii and I stand in support of the bill."

Representative Johanson rose in support of the measure with reservations and asked that his written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Johanson's written remarks are as follows:

"Mr. Speaker, I rise with some reservations on SB 1171, SD 1, HD 2. This bill authorizes the phased review of certain projects by the Department of Land and Natural Resources' State Historic Preservation Division.

"While I agree that continuity with federal law is an important goal, I am sensitive to concerns brought by archeologists and Native Hawaiian cultural practitioners that this bill may weaken the protection of Native Hawaiian archeological sites. Permitting a phased investigation will enable and authorize project construction to commence regardless of a latter-phased area's unknown potential yield and composition of historic and cultural resources, which may complicate preservation efforts. However, I also want to ensure that needed public infrastructure projects are also able to progress. Therefore, I do support this measure with some reservations."

Representative Thielen rose to respond, stating:

"Thank you, Mr. Speaker. The speaker from Waipio mentioned that he had received an email from Greg Thielen. Greg Thielen is this year's president of the Building Industry Association, he is also my son. I

received the same email. I emailed back to him saying, 'Thank you for your email in support of this bill. I respectfully disagree. Love, Mom.'

"Mr. Speaker, Department of Transportation, with the Director sitting up in the gallery, is the one that has brought all of these bills before us that have been so troublesome. This is the segmentation bill. There's going to be another one where we're supposed to give Department of Transportation an exemption for harbor repairs. It's one after the other after the other as we have our lands paved over and projects fast-tracked.

"This bill is so broad, I tell you, you neighbor islanders particularly take a look at this, you have some wonderful historic resources. But if the access to the property is restricted, my goodness that could just be a locked gate, then you can go ahead with this whole new scheme. If circumstances dictate that construction be done in stages, hey a house is built in stages, then you can go ahead using this new scheme. It's just the wrong way to go if we want to preserve our cultural resources.

"For neighbor islanders I think it's even a more bitter pill for them to swallow. On Oahu we've lost so much already. So, Mr. Speaker, I would ask Members to consider voting no and stopping this bill right here in its tracks. Thank you."

Representative Cheape rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Lee rose to speak in support of the measure with reservations, stating:

"Thank you, just note my reservations. I'd just like to thank the Chairs and everybody for moving this along and giving it so much consideration. I know there are legitimate issues to be resolved, at the same time I know a lot of concerns have been raised. I look forward to seeing this go to conference before being considered for a final vote. Thank you."

Representative Awana rose to speak in support of the measure, stating:

"Thank you, Mr. Speaker. I rise in support. Senate Bill 1171, SD 1, HD 2 will make the state's Hawaii State historic laws consistent with federal historic preservation laws which allow phased reviews. Anyone that is familiar with large construction projects, as mentioned by the good Representatives from Waipio as well as Waimea on the Big Island, most are done in phases. This bill will help state projects to be more cost efficient and time effective by circumventing delays in projects that would end up costing more money and taking longer to complete.

"This bill would also save the state money, taxpayer money, by removing redundancy in agency appeals. Under the current law if any agency does not agree in the determination by the review, they may appeal and the state and counties are still obligated to consult with the State Historic Preservation Division on 'the effect of the proposed project on historic properties, aviation artifacts, or burial sites, consistent with Section 6E-43.'

"The obligation and responsibility of the state and counties are still implemented. The only change is that it will be done in phases rather than one review for the entirety of a large project, as mentioned again by the Chair of Transportation. In other words, Mr. Speaker, if a large project in size is forced to provide the entire information, should necessary changes be made to mandate a change or revision, the entire project will need to go back to the drawing board.

"This measure addresses a possible loss of large sums of financing and labor hours that was spent on such an endeavor. Again, I would like to stress that this measure still mandates review.

"I'd also like to refer to emails that were provided to us from the Department of Transportation as well as Mr. Thielen, President of Complete Construction Services and BIA Hawaii, and further written comments. For these reasons, Mr. Speaker, I rise in strong support."

Representative Awana's written remarks are as follows:

"Mr. Speaker, I rise in support. This bill is needed to ensure that our tax dollars are used properly when large construction projects are taking place. There are many infrastructural projects that are needed or are long overdue in the Leeward Coast. If this measure does not move forward, many construction projects may be jeopardized or delayed. Mr. Speaker, as a Representative whose district will be directly impacted by these issues, I am concerned for the quality of life for our constituents. Other areas of the most populated island have already been afforded with roadways and highways, water and sewage line improvements. Now that it is our turn, construction becomes an issue. Well Mr. Speaker, what is right is right, and right now it is the time that the people on the Leeward Coast of Oahu need their projects completed. For these reasons, I rise in support. Thank you, Mr. Speaker."

Representative Woodson rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Lowen rose to speak in opposition to the measure, stating:

"Thank you, in opposition. I understand what is trying to be accomplished here, I just have concerns that the language as it is right now is overly broad. There's not a lot of clarity about what makes a programmatic review adequate, and clarity between what exactly is phasing, because there's a difference between phasing a project and what at least in federal laws is sometimes called segmentation. So I hope that it gets worked on in conference and I'm just voting no now because of the lack of a defective date. Thank you."

Representative Takumi rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Fukumoto rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Takayama rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Ing rose to speak in opposition to the measure, stating:

"In slight opposition. Generally, the reason why I decided to become a public official is to help restore the public trust in government, especially in my generation. This is obviously a very unpopular bill, so I wish that a lot of the issues were clarified a little bit more in committee. But I understand the purpose of this bill and I hope that those things can be cleared up in conference."

Representative McKelvey rose to speak in support of the measure with reservations, stating:

"Thank you, Mr. Speaker. In support, just with slight reservations. But on the support factor because, since the Chair of the Transportation brought up Honoapiilani Highway, that is correct, it is done in phases, there was an AIS that was done. However, the AIS did not reveal what the crews discovered when they came to start doing the prep work, which was the location of pristine archaeological terraces.

"Even though it was a phased project it allowed, the department went out, worked with the various historic preservation entities and was able to redesign the highway to avoid these sensitive archaeological sites, thereby creating a win-win, getting a second highway that our community desperately needs for public safety and for transportation while protecting and preserving these important monuments.

"I do agree, there is some concern with the scope of language. However, my main concern is about the title which is 'Relating to the Review of Historic Preservation Projects,' and I think that could be problematic as this bill moves on. But I just point that out for the edification of the Members and also to clarify some of the discussion about phasing as it relates to the highway in West Maui. Thank you, Mr. Speaker."

Representative Fale rose in support of the measure with reservations and asked that the remarks of Representatives Rhoads and Yamane be entered

into the Journal as his own, and the Chair "so ordered." (By reference only.)

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 1171, SD 1, HD 2, entitled: "A BILL FOR AN ACT RELATING TO THE REVIEW OF HISTORIC PRESERVATION PROJECTS," passed Third Reading by a vote of 42 ayes to 9 noes, with Representatives Belatti, Carroll, Hanohano, Ing, Lowen, Morikawa, Thielen, Ward and Wooley voting no.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1611) recommending that S.B. No. 46, SD 2, HD 2, as amended in HD 3, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 46, SD 2, HD 3, entitled: "A BILL FOR AN ACT RELATING TO EDUCATION," passed Third Reading by a vote of 50 ayes to 1 no, with Representative McDermott voting no.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1612) recommending that S.B. No. 1069, SD 2, HD 1, as amended in HD 2, pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 1069, SD 2, HD 2 pass Third Reading, seconded by Representative Awana.

Representative Ward rose to speak in opposition to the measure, stating:

"Mr. Speaker, in opposition and a brief comment. Mr. Speaker, we have less than half of our people who own homes. This is going to increase the cost of homeownership by putting what I believe are exorbitant fees on mortgage origination fees, mortgage licensure, etc. It's not good for Hawaii's families. Thank you."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 1069, SD 2, HD 2, entitled: "A BILL FOR AN ACT RELATING TO MORTGAGE LOAN ORIGINATION," passed Third Reading by a vote of 44 ayes to 7 noes, with Representatives Cheape, Fale, Fukumoto, Johanson, McDermott, Thielen and Ward voting no.

Representative Rhoads, for the Committee on Judiciary, presented a report (Stand. Com. Rep. No. 1613) recommending that S.B. No. 3, SD 1, HD 1, as amended in HD 2, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 3, SD 1, HD 2, entitled: "A BILL FOR AN ACT RELATING TO THE OFFICE OF HAWAIIAN AFFAIRS," passed Third Reading by a vote of 50 ayes to 1 no, with Representative Fale voting no.

Representative Rhoads, for the Committee on Judiciary, presented a report (Stand. Com. Rep. No. 1614) recommending that S.B. No. 328, SD 1, HD 1, as amended in HD 2, pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 328, SD 1, HD 2 pass Third Reading, seconded by Representative Awana.

Representative Har rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 328, SD 1, HD 2, entitled: "A BILL FOR AN ACT RELATING TO ANIMALS," passed Third Reading by a vote of 49 ayes to 2 noes, with Representatives Fale and McDermott voting no.

At 2:31 o'clock p.m., the Chair noted that the following bills passed Third Reading:

S.B. No. 82, SD 1, HD 2  
 S.B. No. 1171, SD 1, HD 2  
 S.B. No. 46, SD 2, HD 3  
 S.B. No. 1069, SD 2, HD 2  
 S.B. No. 3, SD 1, HD 2  
 S.B. No. 328, SD 1, HD 2

Representative Rhoads, for the Committee on Judiciary, presented a report (Stand. Com. Rep. No. 1615) recommending that S.B. No. 1141, SD 2, HD 1, as amended in HD 2, pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 1141, SD 2, HD 2 pass Third Reading, seconded by Representative Awana.

Representative Ito rose in opposition to the measure and asked that his written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Ito's written remarks are as follows:

"Mr. Speaker, I rise in opposition to SCR 1615, SB 1141, SD 2, HD 2.

"Mr. Speaker, in Section 1 it states, 'Conditional release means that a person has been acquitted of a crime on the ground of mental disease or disorder, excluding responsibility, but can be controlled adequately and given proper care, supervision, and treatment in the community under specified conditions.' Who is to guarantee that the individual will be controlled adequately? Will that person also be with the individual 24/7? Additionally, will that person guarantee that he is giving proper care, supervision, and treatment to the individual? I doubt if that person will be able to guarantee any of those conditions.

"It further states in Section 4, 'For any defendant granted conditional release pursuant to this section, and who was charged with a misdemeanor, petty misdemeanor, or violation, the period of conditional release shall be no longer than one year.' Who is to guarantee that a person charged with a misdemeanor, petty misdemeanor, or violation, and has a mental disease or disorder will not commit a more serious felonious crime while on conditional release?

"Mr. Speaker, in general, I am not against a defendant being granted a 'conditional release'. What this measure lacks is that it does not specify conditions under which a 'conditional release' can be granted; such as, restriction on specific localities where a defendant can/cannot attend, the wearing of an ankle bracelet to monitor the whereabouts of the defendant to ensure compliance to the conditions set forth in the 'conditional release', etc.

"As you know, the Hawaii State Hospital is located within District 49, which I represent. In 2011 a State Judge granted a Hawaii State Hospital patient a 'conditional release' to physically attend classes at Windward Community College. Regardless of whether the patient was under a supervised release, would the attending supervisor have been able to prevent an out-of-control patient from committing an assault on a student? I very much doubt it. During that period I received numerous phone calls from concerned parents, as well as students. If the patient wanted to attend classes at WCC the judge could have set conditions on the patients' 'conditional release' by requiring the patient to take e-classes.

"Mr. Speaker, for these reasons I am in opposition to SCR 1615, SB 1141, SD 2, HD 2, and ask my colleagues to oppose this measure."

Representative Say rose and asked that the Clerk record a no vote for him, and the Chair "so ordered."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 1141, SD 2, HD 2, entitled: "A BILL FOR AN ACT RELATING TO FORENSIC MENTAL HEALTH," passed Third Reading by a vote of 39 ayes to 12 noes, with Representatives Choy, Cullen, Fale, Fukumoto, Har, Hashem, Ito, Johanson, Kawakami, McDermott, Oshiro and Say voting no.

Representative Rhoads, for the Committee on Judiciary, presented a report (Stand. Com. Rep. No. 1616) recommending that S.B. No. 535, SD 1, HD 1, as amended in HD 2, pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 535, SD 1, HD 2 pass Third Reading, seconded by Representative Awana.

Representative Ward rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 535, SD 1, HD 2, entitled: "A BILL FOR AN ACT RELATING TO LABOR," passed Third Reading by a vote of 48 ayes to 3 noes, with Representatives Fale, Fukumoto and McDermott voting no.

Representative Evans, for the Committee on Water & Land, presented a report (Stand. Com. Rep. No. 1617) recommending that S.B. No. 1207, HD 1, as amended in HD 2, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 1207, HD 2, entitled: "A BILL FOR AN ACT RELATING TO TRANSPORTATION," passed Third Reading by a vote of 48 ayes to 3 noes, with Representatives Hanohano, Lowen and Thielen voting no.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1618) recommending that S.B. No. 345, SD 1, as amended in HD 1, pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 345, SD 1, HD 1 pass Third Reading, seconded by Representative Awana.

Representative Johanson rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 345, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO PORTABLE ELECTRONICS INSURANCE," passed Third Reading by a vote of 47 ayes to 4 noes, with Representatives Fale, Fukumoto, McDermott and Ward voting no.

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1619) recommending that S.B. No. 1196, SD 1, as amended in HD 1, pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 1196, SD 1, HD 1 pass Third Reading, seconded by Representative Awana.

Representative Ward rose to speak in opposition to the measure, stating:

"Mr. Speaker, in opposition, brief comment. Mr. Speaker, this bill is I would think an aggressive move to shut down the small mom and pop lemonade stands, garage sales, swap meets, anybody who's doing a small business. It's an attempt for anybody who now can have less than 10 sales not having to do receipts. This says anybody who sells anything at any time for any amount of money has to give a receipt. We're going to make bookkeepers out of our immigrants and our other entrepreneur people.

"What's the irony of this, Mr. Speaker, is that this bill is projected to raise maybe \$100,000. The reality is DOTAX has over a billion dollars, I repeat a billion dollars, outstanding taxpayers who are the big fish who they can't catch. So they're going to put resources to get these small guys who are trying to just make a living and making bookkeepers out of them, it's a misuse of state resources when we've got billions of dollars for those who are smart enough to evade what otherwise the DOTAX should be going afterward. So with that, Mr. Speaker, I vote no."

Representative Johanson rose in support of the measure with reservations and asked that his written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Johanson's written remarks are as follows:

"Mr. Speaker, I rise with reservations on SB 1196, SD 1 HD 1. This bill expands the requirement of vendors to offer receipts and keep contemporaneous records to all vendors, removing the exception of those businesses who conduct ten or fewer cash-based transactions per day. I have concerns about this bill because it seems to be targeting businesses that are struggling to survive, without much revenue (projected to be less than \$100,000 recouped) gained in the process. Additionally, I am not certain how this law can and will be enforced."

Representative Cheape rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Fukumoto rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Rhoads rose to speak in support of the measure, stating:

"In support. I represent an area where there's a lot of mom and pops, and I support the bill because many of the moms and pops are trying to do the right thing. They report their income, they do what they're supposed to do, but it puts them at a competitive disadvantage against those who aren't trying to do the right thing. Therefore, I think this is an appropriate measure. *Mahalo.*"

Representative Cabanilla rose to speak in support of the measure with reservations, stating:

"In support with reservations on SB 1196. My reservation with this bill, Mr. Speaker, is that there is no definition for casual sales. I agree that giving receipts in everything and anything would be too cumbersome. I also believe that there are certain people who do casual sales that need to be taxed. So as this bill moves forward I would look forward of having a definition of what casual sales is, because I don't think that we should require receipts for everything and anything because, like it was previously said, it would be too cumbersome to small businesses. Thank you, Mr. Speaker."

Representative Ward rose to respond, stating:

"Mr. Speaker, just another comment about the origins of this bill and why I think DOTAX likes it. Because the Chair of Judiciary said that the bad guys are making the good guys look good. My point is that the bill has been premised on the fact that the character assassination of the small guys is why this bill is here. That's why they said, well they're lying to us. All these small guys are lying to us. They say they have less than 10 transactions. So because of that lack of character or the assassination of the character, we've got this bill labeling all the small businesses liars.

"That was the premise and that is what came through in the hearing, that because they don't tell us the truth we've got to go down now to not 10 or below, we've got to go for everybody who sells anything at anytime for any amount of money. That's overkill, Mr. Speaker. That's the point. Thank you."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 1196, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO CASH ECONOMY ENFORCEMENT," passed Third Reading by a vote of 47 ayes to 4 noes, with Representatives Fale, McDermott, Thielen and Ward voting no.

Representative Rhoads, for the Committee on Judiciary, presented a report (Stand. Com. Rep. No. 1620) recommending that S.B. No. 310, SD 2, HD 1, as amended in HD 2, pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 310, SD 2, HD 2 pass Third Reading, seconded by Representative Awana.

Representative Cullen rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 310, SD 2, HD 2, entitled: "A BILL FOR AN ACT RELATING TO MENTAL HEALTH TREATMENT," passed Third Reading by a vote of 49 ayes to 2 noes, with Representatives Hashem and Say voting no.

At 2:36 o'clock p.m., Representative Saiki requested a recess and the Chair declared a recess subject to the call of the Chair.

The House of Representatives reconvened at 2:36 o'clock p.m.

Representative Rhoads, for the Committee on Judiciary, presented a report (Stand. Com. Rep. No. 1621) recommending that S.B. No. 1180, as amended in HD 1, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 1180, HD 1, entitled: "A BILL FOR AN ACT RELATING TO EMERGENCY SCHEDULING OF CONTROLLED SUBSTANCES," passed Third Reading by a vote of 51 ayes.

Representative Rhoads, for the Committee on Judiciary, presented a report (Stand. Com. Rep. No. 1622) recommending that S.B. No. 1016, SD 1, HD 1, as amended in HD 2, pass Third Reading.

On motion by Representative Saiki, seconded by Representative Awana and carried, the report of the Committee was adopted and S.B. No. 1016, SD 1, HD 2, entitled: "A BILL FOR AN ACT RELATING TO REGISTRATION OF COVERED OFFENDERS," passed Third Reading by a vote of 51 ayes.

At 2:41 o'clock p.m., the Chair noted that the following bills passed Third Reading:

S.B. No. 1141, SD 2, HD 2  
S.B. No. 535, SD 1, HD 2  
S.B. No. 1207, HD 2  
S.B. No. 345, SD 1, HD 1  
S.B. No. 1196, SD 1, HD 1  
S.B. No. 310, SD 2, HD 2  
S.B. No. 1180, HD 1  
S.B. No. 1016, SD 1, HD 2

### THIRD READING

#### S.B. No. 1293, SD 1, HD 1:

Representative Saiki moved that S.B. No. 1293, SD 1, HD 1 pass Third Reading, seconded by Representative Awana.

Representative Jordan rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Ito rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Cullen rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Kawakami rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Oshiro rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Say rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Yamashita rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Rhoads rose to disclose a potential conflict of interest, stating:

"Mr. Speaker, I just need to request a ruling on a potential conflict. My wife works for a labor union. Thank you," and the Chair ruled, "no conflict."

Representative Johanson rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Yamane rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Takayama rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Fale rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Fukumoto rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Cheape rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Coffman rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Ward rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Cabanilla rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Aquino rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Tokioka rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Har rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

The motion was put to vote by the Chair and carried, and S.B. No. 1293, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO CONTRACTORS," passed Third Reading by a vote of 49 ayes to 2 noes, with Representatives McDermott and Thielen voting no.

**S.B. No. 890, SD 1, HD 1:**

Representative Saiki moved that S.B. No. 890, SD 1, HD 1 pass Third Reading, seconded by Representative Awana.

Representative Kawakami rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Fukumoto rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Johanson rose to speak in support of the measure with reservations, stating:

"Thank you, Mr. Speaker. In support with reservations and just a few brief comments. I think the intent of the bill is certainly good, it's to mitigate impasses caused when there's a tie and there's not an ability to appoint a successor. I just hope that in conference perhaps the Chief Justice is removed and there's another appointing authority. It just seems somewhat problematic to be having the head of the Judiciary appointing to an adjudicative body that ultimately may end up resulting with that appointing authority in terms of jurisdiction. Thank you."

Representative Yamashita rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Yamane rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Cullen rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Fale rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Aquino rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

The motion was put to vote by the Chair and carried, and S.B. No. 890, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE HAWAII LABOR RELATIONS BOARD," passed Third Reading by a vote of 51 ayes.

At 2:45 o'clock p.m., the Chair noted that the following bills passed Third Reading:

S.B. No. 1293, SD 1, HD 1  
S.B. No. 890, SD 1, HD 1

**S.B. No. 1193, SD 1, HD 1:**

Representative Saiki moved that S.B. No. 1193, SD 1, HD 1 pass Third Reading, seconded by Representative Awana.

Representative Ward rose to speak in opposition to the measure, stating:

"Mr. Speaker, no vote. This increases the cost to our people to get on an airplane and fly away. The cost of an airline ticket has just gone up, this is a tax increase for them."

The motion was put to vote by the Chair and carried, and S.B. No. 1193, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO SECTION 237-24.3, HAWAII REVISED STATUTES," passed Third Reading by a vote of 48 ayes to 3 noes, with Representatives Fale, McDermott and Ward voting no.

**S.B. No. 1197, SD 1, HD 1:**

On motion by Representative Saiki, seconded by Representative Awana and carried, S.B. No. 1197, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE DEPARTMENT OF TAXATION SPECIAL ENFORCEMENT SECTION," passed Third Reading by a vote of 51 ayes.

**S.B. No. 1206, SD 1, HD 1:**

On motion by Representative Saiki, seconded by Representative Awana and carried, S.B. No. 1206, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO TAX COLLECTION," passed Third Reading by a vote of 51 ayes.

**S.B. No. 1360, SD 1, HD 1:**

Representative Saiki moved that S.B. No. 1360, SD 1, HD 1 pass Third Reading, seconded by Representative Awana.

Representative Say rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Ichiyama rose to disclose a potential conflict of interest, stating:

"Mr. Speaker, ruling on a potential conflict. At my law firm I represent community associations and condo associations. Thank you," and the Chair ruled, "no conflict."

Representative Cullen rose to disclose a potential conflict of interest, stating:

"Mr. Speaker, requesting a ruling on a potential conflict. I sit on a homeowner's association. Thank you," and the Chair ruled, "no conflict."

Representative Takai rose to disclose a potential conflict of interest, stating:

"Mr. Speaker, same request. Thank you," and the Chair ruled, "no conflict."

Representative Har rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Cullen rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

The motion was put to vote by the Chair and carried, and S.B. No. 1360, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO GENERAL EXCISE TAX," passed Third Reading by a vote of 51 ayes.

At 2:48 o'clock p.m., the Chair noted that the following bills passed Third Reading:

S.B. No. 1193, SD 1, HD 1  
S.B. No. 1197, SD 1, HD 1  
S.B. No. 1206, SD 1, HD 1  
S.B. No. 1360, SD 1, HD 1

**S.B. No. 1184, SD 1:**

On motion by Representative Saiki, seconded by Representative Awana and carried, S.B. No. 1184, SD 1, entitled: "A BILL FOR AN ACT RELATING TO CONFORMITY OF THE HAWAII INCOME TAX LAW TO THE INTERNAL REVENUE CODE," passed Third Reading by a vote of 51 ayes.

**S.B. No. 1185, SD 1:**

Representative Saiki moved that S.B. No. 1185, SD 1 pass Third Reading, seconded by Representative Awana.

Representative Aquino rose to disclose a potential conflict of interest, stating:

"Request a ruling on a potential conflict. I work for a nonprofit. Thank you," and the Chair ruled, "no conflict."

The motion was put to vote by the Chair and carried, and S.B. No. 1185, SD 1, entitled: "A BILL FOR AN ACT RELATING TO DENIAL OF GENERAL EXCISE TAX BENEFITS," passed Third Reading by a vote of 51 ayes.

**S.B. No. 1190, SD 1:**

On motion by Representative Saiki, seconded by Representative Awana and carried, S.B. No. 1190, SD 1, entitled: "A BILL FOR AN ACT RELATING TO THE IMPOSITION OF USE TAX ON IMPORTED CONTRACTING," passed Third Reading by a vote of 51 ayes.

**S.B. No. 1203, SD 1:**

On motion by Representative Saiki, seconded by Representative Awana and carried, S.B. No. 1203, SD 1, entitled: "A BILL FOR AN ACT RELATING TO CONFORMITY OF THE HAWAII ESTATE AND GENERATION-SKIPPING TRANSFER TAX LAW TO THE INTERNAL REVENUE CODE," passed Third Reading by a vote of 51 ayes.

**S.B. No. 68, SD 1, HD 1:**

Representative Saiki moved that S.B. No. 68, SD 1, HD 1 pass Third Reading, seconded by Representative Awana.

Representative Har rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

The motion was put to vote by the Chair and carried, and S.B. No. 68, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO SENTENCING," passed Third Reading by a vote of 51 ayes.

At 2:49 o'clock p.m., the Chair noted that the following bills passed Third Reading:

S.B. No. 1184, SD 1  
S.B. No. 1185, SD 1  
S.B. No. 1190, SD 1  
S.B. No. 1203, SD 1  
S.B. No. 68, SD 1, HD 1

**S.B. No. 978, HD 1:**

On motion by Representative Saiki, seconded by Representative Awana and carried, S.B. No. 978, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE PENAL CODE," passed Third Reading by a vote of 51 ayes.

**S.B. No. 237, SD 2, HD 1:**

Representative Saiki moved that S.B. No. 237, SD 2, HD 1 pass Third Reading, seconded by Representative Awana.

Representative Thielen rose to speak in opposition to the measure, stating:

"Thank you. Mr. Speaker, a no vote again and if I may explain. I believe that school lands should be used for school purposes. Thank you."

Representative Jordan rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Fale rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Lowen rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Carroll rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Wooley rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative McKelvey rose to speak in support of the measure with reservations, stating:

"Thank you, Mr. Speaker. With reservations and just a quick thought for the Conference Committee is maybe to look at something to make sure that the local schools can derive some benefits and not just the system as a whole. Thank you."

Representative Ing rose to speak in support of the measure with reservations, stating:

"Reservations. Same concern that the school, it should be going directly, also make sure that the counties are a little involved."

Representative Cheape rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Ward rose to speak in opposition to the measure, stating:

"Mr. Speaker, no vote. This has the DNA of the PLDC and I know the forensic expert who countered that, I would like to leave open for his retort again. Thank you."

The motion was put to vote by the Chair and carried, and S.B. No. 237, SD 2, HD 1, entitled: "A BILL FOR AN ACT RELATING TO PUBLIC SCHOOL LANDS," passed Third Reading by a vote of 47 ayes to 4 noes, with Representatives Brower, Hanohano, Thielen and Ward voting no.

**S.B. No. 1289, SD 2, HD 1:**

Representative Saiki moved that S.B. No. 1289, SD 2, HD 1 pass Third Reading, seconded by Representative Awana.

Representative Jordan rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Choy rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Say rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Fale rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Har rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

The motion was put to vote by the Chair and carried, and S.B. No. 1289, SD 2, HD 1, entitled: "A BILL FOR AN ACT RELATING TO TAXATION," passed Third Reading by a vote of 50 ayes to 1 no, with Representative McDermott voting no.

**S.B. No. 1298, HD 1:**

On motion by Representative Saiki, seconded by Representative Awana and carried, S.B. No. 1298, HD 1, entitled: "A BILL FOR AN ACT RELATING TO STATE FINANCIAL ADMINISTRATION," passed Third Reading by a vote of 51 ayes.

**S.B. No. 458, SD 1, HD 1:**

On motion by Representative Saiki, seconded by Representative Awana and carried, S.B. No. 458, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE STATE EDUCATIONAL FACILITIES IMPROVEMENT SPECIAL FUND," passed Third Reading by a vote of 51 ayes.

**S.B. No. 948, SD 1, HD 1:**

Representative Saiki moved that S.B. No. 948, SD 1, HD 1 pass Third Reading, seconded by Representative Awana.

Representative Cullen rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Kawakami rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Yamane rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Aquino rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Ing rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

The motion was put to vote by the Chair and carried, and S.B. No. 948, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO TAXATION," passed Third Reading by a vote of 44 ayes to 7 noes, with

Representatives Cheape, Fale, Fukumoto, Johanson, McDermott, Thielen and Ward voting no.

At 2:55 o'clock p.m., the Chair noted that the following bills passed Third Reading:

S.B. No. 978, HD 1  
S.B. No. 237, SD 2, HD 1  
S.B. No. 1289, SD 2, HD 1  
S.B. No. 1298, HD 1  
S.B. No. 458, SD 1, HD 1  
S.B. No. 948, SD 1, HD 1

At 2:55 o'clock p.m., the Chair declared a recess subject to the call of the Chair.

The House of Representatives reconvened at 3:13 o'clock p.m.

**END OF CALENDAR**

At this time, the Chair stated:

"Members, please turn to page 18, and refer to House Stand. Com. Report Number 1562, this would be Senate Bill 987, Senate Draft 1, House Draft 1."

Representative McKelvey, for the Committee on Consumer Protection & Commerce, presented a report (Stand. Com. Rep. No. 1562) recommending that S.B. No. 987, SD 1, as amended in HD 1, pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 987, SD 1, HD 1 pass Third Reading, seconded by Representative Awana.

At this time, Representative Thielen offered Floor Amendment No. 21, amending S.B. No. 987, SD 1, HD 1, as follows:

"SECTION 1. Senate Bill No. 987 S.D. 1 H.D. 1, RELATING TO IMPACT FEES, is amended as follows:

1. By amending section 1 to read:

"SECTION 1. The legislature finds that it is important to ensure consistency between state and county laws where necessary for efficient and effective governance. One of the major challenges in this regard is the lack of clear policy guidance on the collection of impact fees for new water meters.

The legislature recognizes that current state law does not provide the counties with sufficient flexibility to assess the fee at a time most suited to the type of development in question -- for example, whether prior to the issuance of a building permit, prior to the issuance of a water meter, or upon the installation of a water meter. As a result, the counties are hindered in their ability to timely provide water to projects in need.

The purpose of this Act, therefore, is to facilitate efficient and effective governance by authorizing counties to collect impact fees before or upon issuance of a water meter, as the counties see fit. At the same time, however, it is not the intent or purpose of the legislature to unduly burden an applicant seeking a water meter for a single-family home by requiring that applicant to pay the impact fee in full prior to the county's actual installation of the water meter."

2. By amending section 2 to read:

"SECTION 2. Section 46-146, Hawaii Revised Statutes, is amended to read as follows:

"[~~§46-146~~] **Time of assessment and collection of impact fees.** Assessment of impact fees shall be a condition precedent to the issuance of a grading or building permit or water meter and shall be collected in full before or upon issuance of the permit[-] or water meter; provided that the counties shall not require an applicant seeking a water meter for a single-



family home to pay the impact fee in full prior to the county's installation of the water meter."

3. By amending section 3 to read:

"SECTION 3. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored."

4. By adding a new section 4, to read as follows:

"SECTION 4. This Act shall take effect on July 1, 2013."

Representative Thielen moved that Floor Amendment No. 21 be adopted, seconded by Representative Ward.

Representative Thielen rose to speak in support of the proposed Floor Amendment, stating:

"Thank you, Mr. Speaker. I'm rising in support of this friendly Floor Amendment. It is a friendly Floor Amendment, primarily to help the residents on the island of Kauai. As currently written, the bill would give counties the authority to collect water meter impact fees in full before, and before is the key word, or upon issuance of a water meter. That makes a lot of sense, Mr. Speaker, in terms of major developments that are extremely taxing or on existing infrastructure that requires construction of the infrastructure to support the new major massive development.

"But this has an unintended consequence on individual homeowners. Specifically the broad language of Senate Bill 987 doesn't prohibit the counties from forcing an applicant wishing to build a single-family home from paying the impact fee in full prior to the counties actually installing a water meter. What does this mean to the individual homeowner on the island of Kauai?

"At a cost of \$4,000 to \$19,000 per water meter, it requires the little guy to pay this cost out of pocket, which would be difficult if not impossible for them to do. It's particularly important to keep in mind, because most people use their mortgages to cover the cost of the water meter. They won't have that mortgage in place before they have their building permit and are able to proceed with the construction of their home.

"I believe that this amendment will take care of it and protect the water department. The amendment says that the county shall not require an applicant seeking a water meter for a single-family home to pay the impact fee in full prior to the county's installation of the water meter. The water department is protected, the homeowner calls the water department and asks to have the meter hooked up. The water department says, fine, we will be out there on this day, have your check made payable to the water department for full payment of that water meter. We hook up, you hand us the check and both sides are happy, because the homeowner has been able to get the mortgage in an amount that will be able to cover this water meter payment.

"So it's a friendly amendment. I believe that the bill does need to be amended. I've been told that it has the harshest impact on the island of Kauai and I've been told that the other neighbor island water departments are fine with the present system, and why did they even need this legislation. Kauai and Mr. Craddick have been the ones pushing this bill, but I'm afraid that the way it's written presently without this amendment will hurt the individual homeowner. Thank you."

Representative Evans rose to speak in opposition to the proposed Floor Amendment, stating:

"Thank you, I rise in opposition to the Floor Amendment. I hear what the previous speaker's concerns are and I really appreciate the fact that she's for the single-family owner, but I want to put it in perspective. When a subdivision is created and they create these lots, there is an impact fee paid by the developer. When I called the water department and said, how would that affect the single-family homeowner? What they said was, if you go to our Hawaii Revised Statutes 146, this section talks about impact fees. The way the law is written is it says the developer that develops these subdivisions, that the county can put what's called these public facility impact fees and it actually talks about how you calculate them. When you

go later in that HRS statute they talk about the timing of when you collect them. This is what the underlying measure addresses is the timing.

"The current bill says you can assess and collect impact fees, 'condition precedent to the issuance of a grading or building permit.' What we're suggesting is, 'or water meter.' I personally do not believe the language that's being proposed for the Floor Amendment is necessary. The main reason being is that if you have a lot and you go to the county and say you want a building permit, they won't give you a building permit if they know you can't get water, which means you have to go apply for the water permit. At some point when you build it, you'll have to get the issuance of the water permit. At that time, what the underlying bill says is the impact fee can be collected by the county. But the county isn't collecting for the original development, the actual facility fee for the development of the water system was already charged to the developer. It would not pass to the single-family owner.

"However, if there was something subsequent, let's say in the neighborhood where they maybe did some upgrade, maybe they recalculate and say there is a small facility impact fee. Maybe that would get passed on to the lot owner.

"But I have to tell you I don't believe the scenario that was said by the previous speaker because if you want to build a house on a lot, you're going to go to the bank and you're going to get a construction loan. After that construction loan you will then turn it into a mortgage. But the reality is you've got to have the money to be able to build your house. When you get building permits now with the counties, they really limit you. It's like they're going to say, your building permit is only good for 6 to 9 months. We expect you to be back here for an occupancy permit so we're only giving you a short window.

"So I think that anybody that's doing single-family development has already, like I said, I think that the cost of water meter, driveways, electrical HELCO connection, building the house, that's all put in to whatever loan you're going to have with the bank. I don't think you build all that stuff and then go get your mortgage loan. That isn't the way it works.

"In my community of Waikoloa we actually have developers at the bottom of the hill that you can actually go in and negotiate the building of your home and they put together the whole package for you. They design it, what kind of roof, what kind of materials. So that thing all gets worked out, and they already have some agreements with the local bank on what their mortgage packages are. So it's kind of a one-stop shopping deal, and that would be done. So I don't think this language is really necessary. Thank you."

Representative Thielen rose to respond, stating:

"Yes it is. Thank you, Mr. Speaker. If the Members would just read the language, what this language does in this friendly Floor Amendment, it says that the counties shall not require an applicant seeking a water meter for a single-family home to pay the impact fee in full prior to the counties installation of the water meter. So what it's saying is, to the individual homeowner, you're not going to be caught in this chicken and egg situation where you won't have your construction loan until you have a building permit and therefore you're going to have to pay for your water meter in advance before you can get your construction loan. So come up with that \$4,000 to \$12,000 in advance.

"It's very onerous for the individual homeowner. Different for a large development, different for if you're developing multiple lots. That's set aside. This only protects the individual single-family home, and they are not going to be required to pay for that water meter before installation. By the time it's installed they would have the construction loan that would be in place, and they exchange the check for the connection to the water meter.

"So, Mr. Speaker, it's really needed. I know that there are instances on Kauai with a lot of difficulty with the water department. Extensive delays, which again with your individual homeowner puts a huge burden on them, to have to come up front with those thousands and thousands of dollars.

Kauai came in and wanted this. Neighbor islands didn't need it. And I'm afraid what we're doing is hurting the individual homeowners on Kauai. Thank you."

Representative Tokioka rose to speak in opposition to the proposed Floor Amendment, stating:

"Thank you, Mr. Speaker. In opposition to the Floor Amendment. I think I spoke with the gentleman that the Representative from Kailua spoke with twice and he understands what the measure does now. He's okay with it now. All of those concerns are still existing, Mr. Speaker, but if you look at what the bill does, they're already doing it right now. The counties are already doing it right now. The county manager from Kauai wanted to make sure it was in statute so he went out of his way to do that.

"But there is a double edged sword to the situation, Mr. Speaker. If they don't pay for it upfront and their house goes through and they don't reserve that water meter, they could lose the right to get that water meter. So I would think they want to make sure they get that water meter upfront. And I understand it's expensive. I don't think anybody wants to tax anybody more. Whatever the water department does or water departments do throughout the counties is not what this Body is doing as far as the fees are concerned. But if they don't reserve that water meter upfront, that's where the problem is going to be, Mr. Speaker, and they're going to lose the opportunity to reserve that water meter. So that's why this bill is very important for the counties. Thank you."

The motion that Floor Amendment No. 21, amending S.B. No. 987, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO IMPACT FEES," be adopted, was put to vote by the Chair and upon a voice vote, failed to carry, with Representatives Evans and Tokioka voting no.

(Main Motion)

Representative Thielen rose to speak in opposition to the measure, stating:

"I'm in opposition to the bill as it states. Mr. Speaker, I'm casting a no vote on it because it's saying that it's adding in now the language that a water department shall collect in full before or upon issuance of the water meter. Not connection, just upon issuance of the water meter, and I think that's harsh for the individual homeowner. Thank you."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 987, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO IMPACT FEES," passed Third Reading by a vote of 47 ayes to 4 noes, with Representatives Fale, Fukumoto, McDermott and Thielen voting no.

At 3:28 o'clock p.m., the Chair noted that the following bill passed Third Reading:

S.B. No. 987, SD 1, HD 1

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1576) recommending that S.B. No. 757, SD 2, HD 1, as amended in HD 2, pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 757, SD 2, HD 2 pass Third Reading, seconded by Representative Awana.

At this time, Representative Har offered Floor Amendment No. 15, amending S.B. No. 757, SD 2, HD 2, as follows:

"SECTION 1. Senate Bill No. 757, S.D. 2, H.D. 2, is amended by deleting the "PART I" designation on page 1, line 1.

SECTION 2. Senate Bill No. 757, S.D. 2, H.D. 2, is amended by amending Section 2 on page 1, line 15, to insert \$100,000 as the sum to be appropriated in each year of the 2013-2015 fiscal biennium.

SECTION 3. Senate Bill No. 757, S.D. 2, H.D. 2, is amended by amending Section 2 on page 2, lines 5-6, to read as follows:

"The sums appropriated shall be expended by the department of education for the purposes of this Act."

SECTION 4. Senate Bill No. 757, S.D. 2, H.D. 2, is amended by amending Section 3 on page 2, line 8, to insert \$100,000 as the sum to be appropriated in each year of the 2013-2015 fiscal biennium.

SECTION 5. Senate Bill No. 757, S.D. 2, H.D. 2, is amended by amending Section 3 on page 2, lines 17-18, to read as follows:

"The sums appropriated shall be expended by the University of Hawaii for the purposes of this Act."

SECTION 6. Senate Bill No. 757, S.D. 2, H.D. 2, is amended by deleting PART II.

SECTION 7. Senate Bill No. 757, S.D. 2, H.D. 2, is amended by deleting the "PART III" designation on page 21, line 18.

SECTION 8. Senate Bill No. 757, S.D. 2, H.D. 2, is amended by deleting Section 10.

SECTION 9. Senate Bill No. 757, S.D. 2, H.D. 2, is amended by renumbering Section 11 as Section 4, and to read as follows:

"SECTION 4. This Act shall take effect on July 1, 2013."

Representative Har moved that Floor Amendment No. 15 be adopted, seconded by Representative Hashem.

Representative Har rose to speak in support of the proposed Floor Amendment, stating:

"Thank you, Mr. Speaker. Mr. Speaker, I rise in support of Floor Amendment Number 15. Mr. Speaker, when Senate Bill 757 first came over from the Senate as a Senate Draft 2, the purview of the bill dealt with the Livestock Revitalization Program. Specifically, the bill capped the Livestock Revitalization Program grant per qualified producer per year at the lesser of a specified amount or a percentage of the cost of feed for production of poultry products, milk or pigs and beef cattle raised and slaughtered in Hawaii for local consumption. Furthermore, the bill expanded the livestock program to include subsidies for costs incurred in raising goats, sheep, fish and crustaceans.

"After the bill came out as a House Draft 1 from the House Committee on Agriculture, Senate Bill 757, HD 1 still dealt with the Livestock Revitalization Program with minor amendments being made by lowering the number of sows needed for pig farmers to qualify as qualified producers, and specifying when qualified producers will not be eligible for livestock.

"After the bill came out of the Finance Committee the bill changed drastically from the livestock program to a Part I which promotes the 4H and Future Farmers of America programs, very worthwhile programs, and then the Part II, which added language into Chapter 171-10, adding a fourth class of classification for intensive agricultural land use.

"While I very much appreciate the Finance Committees posting of the HD 2 which is the current draft before us, the Floor Amendment does keep in Part I of the current House Draft 2, which is the 4H, Future Farmers of America program but the Floor Amendment deletes Part II. Mr. Speaker, I will note that Part I was formerly known as House Bill 486, in which there was unanimous consent amongst this Body with every single Member of this Body voting in support of House Bill 486. However, Part II of the measure was formerly known as House Bill 734, and at Third Reading there were six individuals who voted with reservations and there were three in opposition.

"While I very much appreciate the Livestock Revitalization Program language and I wish that it would have remained in the HD 2, in support of the House and the Chairs this Floor Amendment demonstrates the House's support of the 4H and Future Farmers of America program inserting an appropriation amount and clean date. The FA just simply deletes Part II

and shows our support as a Body for these very important programs. For these reasons, Mr. Speaker, I stand in support of the Floor Amendment. Thank you."

Representative Wooley rose to speak in opposition to the proposed Floor Amendment, stating:

"Thank you, Mr. Speaker. I stand in opposition. I appreciate the previous speaker's support of the 4H program and I am very hopeful that moves forward. That is an important House position and I am very hopeful we'll see it come back to us. This bill is a work in progress and the taro additions are critical and based on the Taro Task Force recommendations.

"I just want to note for those of you who haven't been here for the last few years, the Taro Task Force was created in 2008 and the reason is in part because of our concerns about food security, but in a large part it has to do with a fact that taro is in crisis.

"In the 1940's there were over 30,000 acres registered as *kuleana loi*. Today there's about 600 or less that's registered. In addition, we're now importing over 1,000 pounds per year of taro. That brings with it many challenges including recent discovery of invasive species that were on taro and they were intercepted at the airport. So we have a lot of challenges. Taro is the main starch for many families including my own, I love it, but particularly Hawaiian families, and it is really critical for Hawaiian health issues today.

"The bill itself focuses primarily on public land. On page 4 it amends Section 171, which is applying only to public land. That provision simply creates a fourth class, taro lands, and the second section that makes a change simply protects *'auwai* that may be existing, ancient *'auwai*. So with that, Mr. Speaker, I just want to encourage everybody to vote down this Floor Amendment, and I look forward to working more on taro protection and food security. *Mahalo*."

Representative Har rose to respond, stating:

"Just a brief rebuttal, Mr. Speaker. While the previous speaker noted that these were recommendations of the Taro Security Task Force, the fact of the matter is many of our very well respected taro farmers in the State of Hawaii actually are not part of this task force. So I don't think this is truly representative of all the taro farmers and their recommendations in this state. So again, we should take pause and proceed with caution. Thank you."

The motion that Floor Amendment No. 15, amending S.B. No. 757, SD 2, HD 2, entitled: "A BILL FOR AN ACT RELATING TO AGRICULTURE," be adopted, was put to vote by the Chair and upon a voice vote, failed to carry, with Representative Wooley voting no.

(Main Motion)

Representative Har rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Johanson rose in support of the measure with reservations and asked that his written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Johanson's written remarks are as follows:

"Mr. Speaker, I rise with reservations on SB 757, SD 2, HD 2. This bill would define and expand protections of taro lands as well as appropriating funds for the operation of 4-H and FFA programs. While the cultivation of taro is vitally important to the preservation of the Hawaiian culture, there are a number of questions raised by the wording of this bill. The bill ostensibly prevents lands that were used for taro cultivation 'prior to statehood' from being used for other purposes. This begs the question of whether or not the bill is requiring land that has long since been used for other purposes to be returned to taro production purposes. Also, the process for determining what lands were in use of taro cultivation is

unclear in the bill, which means that there may be barriers to proper implementation."

Representative Oshiro rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Jordan rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Say rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Tokioka rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Ward rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Fale rose to speak in opposition to the measure, stating:

"Mr. Speaker, with reservations, written comments. Actually, Mr. Speaker, can I change that to a no vote. Taro is not in crisis, Mr. Speaker. As a taro farmer myself and as a Pacific Islander, taro itself is not in crisis. The Pacific Islander community and the Hawaiian community is in crisis, Mr. Speaker. If we divert attention to try and address taro and not address the people who grow it, who care for it and take it into their homes, Mr. Speaker, this is a diversion from what really is the issue. If we resolve the issues within the Hawaiian community and the Pacific Islander community, taro will flourish.

"This measure, this portion over here addresses a symptom. I always like to use this example. When a person goes into a hospital and they have a brain tumor and you give them aspirin for their headache it doesn't solve the problem, Mr. Speaker. This is a headache over here. There's a brain tumor that needs to be addressed and this diversionary stuff is not helping the Hawaiian community, it's not helping the Pacific Islander community, and it's not going to help taro in the State of Hawaii, Mr. Speaker. We need to look at the real issues and not play around."

Representative Fale's written remarks are as follows:

"Mr. Speaker, I rise with opposition regarding Senate Bill 757, SD 2, HD 2. This bill addresses agriculture; the Future Farmers of America Program; the 4-H Program and taro lands in Hawaii.

"This bill has undergone a number of changes since it was first introduced. Mr. Speaker, the original bill was about grants for agricultural feed subsidies for animals raised by commercial farmers. My concern is that the new language of the bill could adversely affect economic opportunity in Hawaii.

"Mr. Speaker, I am also concerned about the new language in the bill regarding taro lands. This language was not the original intent of bill. It is notable that *The Land Use Research Foundation of Hawaii* testified against this version of the bill.

"Mr. Speaker, for these reasons I rise in opposition to Senate Bill 757, SD 2, HD 2."

Representative Cabanilla rose to speak in support of the measure with reservations, stating:

"Mr. Speaker, please note my strong reservations."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 757, SD 2, HD 2, entitled: "A BILL FOR AN ACT RELATING TO AGRICULTURE," passed Third Reading by a vote of 43 ayes to 8 noes, with Representatives Choy, Fale, Fukumoto, Ichiyama, Ito, Takayama, Tsuji and Yamashita voting no.

At 3:38 o'clock p.m., the Chair noted that the following bill passed Third Reading:

S.B. No. 757, SD 2, HD 2

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1596) recommending that S.B. No. 1057, SD 2, as amended in HD 1, pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 1057, SD 2, HD 1 pass Third Reading, seconded by Representative Awana.

At this time, Representative Oshiro offered Floor Amendment No. 23, amending S.B. No. 1057, SD 2, HD 1, as follows:

"SECTION 1. Senate Bill No. 1057, S.D. 2, H.D. 1, is amended by deleting Section 1 of the bill and renumbering Sections 2 and 3 as Sections 1 and 2, respectively."

Representative Oshiro moved that Floor Amendment No. 23 be adopted, seconded by Representative Say.

Representative Oshiro rose to speak in support of the proposed Floor Amendment, stating:

"Thank you, Mr. Speaker. This is really a friendly amendment. Let me tell you what's going on here, Members. This is a very important bill. Senate Bill 1057 is actually a situation of first impressions for this Legislature where, because there has been no settlement between the employers and the employees on the split between the employees and the employer on the ETUF contribution amount, we find ourselves here, as the body, to resolve this dispute. Pursuant to Chapter 89 as currently drafted it is the Legislature to decide what the apportionment will be between the employer and the employee.

"This is regarding Unit 10, which is UPW Unit 10 who recently won an arbitration award I think earlier this year, or maybe the latter part of last year for their members. That arbitration award settled the duration of the contract as well as the wages and salaries for that. What was not discussed or was disposed of in that arbitration award was the EUTF contribution.

"As currently drafted, it is my understanding that Section 1 of the measure purports to support a 50/50 split between the employer and employee which is consistent with the Governor's request and the request made by Budget and Finance in the prior hearings both in the Committee on Labor as well as the Committee on Finance.

"My amendment here does not have a Section 1, in fact it basically deletes Section 1 and goes to the substantive components of the funding portion of the bill. The reason I'm doing that, Mr. Speaker, is to allow the Finance Committee and the Labor Committee Chairs to have the full measure of authority and breadth under the conference rules to find an agreement, whether it's going to be 50/50 or 60/40 or somewhere else in between.

"I need to point out the concern that I have with the current draft in that it states 50/50 cost share. That might be used against us in conference to seek a compromise settlement. I point to the Joint Conference Rules Section 2, Conference Committee Scope and Amendments. 'The authority of the Conference Committee shall be limited to resolving differences between the Senate and House drafts of a measure. Accordingly: (a) With the exception of the Executive Budget, the Judiciary Budget, and the Budget of the Office of Hawaiian Affairs, a Conference Committee shall not amend a measure by inserting any unrelated or new subject matter. (b) To assure the integrity of the individual measure, the merging of two or more distinct but related measures into one encompassing measure shall not be allowed.'

"That language there gives me concern that the current draft which states in Section 1 as to support a 50/50 split between the employer and the employee might inadvertently tie our hands in the negotiation process in the Conference Committee. That's my concern and that's why I had this amendment here, Mr. Speaker.

"Let me just also add that I think it's important for us to understand that it may not have come out in public hearings but it's come to my attention that there was actually a sidebar agreement in the UPW Unit 10 amongst other public worker unions. When Governor Abercrombie was elected, this was back in 2011, he came to discover that the prior Governor Linda Lingle had unilaterally imposed a cap on the amount of the contribution upon the public workers union going back to 2009. One of the things that he did was to rectify the increase that was going to be imposed upon the employees.

"So in his first term in his first year as Governor, he came to us and asked for an emergency appropriation for us to at least make the members of the employee unions whole. So from March 1st of 2001 to June 30th of 2011, the split between the employee and employer was 60/40. At that point in time we did fund through I think it was Act 6 an emergency appropriation to make the employees whole. It was about that time that the employee unions with the Governor entered into an agreement that should any of them not settle the contracts by June 30th of 2011, that the current 60/40 split going back to the prior contract 2009 – 2011 would hold in place. At that point in time the 60/40 split was part and parcel of that agreement.

"So I think there's a lot to be said for the UPW's position in this measure. It's not in this bill right now but again my intention is to allow the conferees the full measure and authority to make that adjustment. Thank you, Mr. Speaker."

Representative Nakashima rose to speak in opposition to the proposed Floor Amendment, stating:

"Thank you, Mr. Speaker. In opposition to the Floor Amendment. Thank you. Mr. Speaker, this bill did come to the Labor Committee and we are cognizant of the concerns that were raised by the UPW. In checking on that with the Director of Budget and Finance we were assured that we should move ahead.

"Since that time we did review the original documents in question and have posed the question to the Attorney General. I do believe that the Finance Chair was very wise in blanking out the amounts that were in the bill and it does continue to give us the flexibility in conference when we go back to fill in those amounts to make a decision with regard to what the actual amount will be. So because of that I see no reason to delay passage of this bill any further and I ask that we vote down the amendment. Thank you."

Representative Say rose to speak in support of the proposed Floor Amendment, stating:

"Mr. Speaker, in support of the Floor Amendment. This afternoon is indeed a pleasure to be addressing an issue of this magnitude. Before this House there was a legislation to do away with the legislative authorization in approving or disapproving a health fund arbitrated agreement. Today you are experiencing it first-hand, but the legislation that passed this House took it away from the Legislative Body to approve or disapprove a settlement. Now I think we should try to fulfill our obligations in supporting our blue collar workers known as the UPW union. So I am in total support of our working people who are working so hard with little resources that they have as far as their salaries and benefits.

"This particular measure should go into conference whereby they could discuss it further, if it is in the testimony that was submitted on the arbitration that it was a notion that it should be 60/40, this Body should support what was presented by both parties at the arbitration. Thank you."

At this time, Representative Say requested a roll call vote.

The request of roll call was put to vote by the Chair and upon a show of hands, the request was approved.

Representative Oshiro rose to respond, stating:

"Mr. Speaker, I'd just like to add a few more comments in support of this motion. Thank you, Mr. Speaker. I'd just like to make sure that everyone

understands the import of this bill. Again, if you look at your copy of Senate Bill 1057, SD 2, HD 2, look at Section 1. I believe Section 1, in the second paragraph or the second item, sets forth a 50/50 split. It's consistent with the Budget & Finance request from Kalbert Young. If you read Mr. Young's testimony he is absolutely correct. He doesn't state this is a finding, he doesn't state that this is a requirement, but he basically states what is allowed under law. It is his recommendation.

"But he erroneously makes the recommendation that it is the same as what all other units got. But those who follow what has been going on with the public workers unions over the past several years know that in 2011, this UPW 10 did not settle. Only the other units settled. I believe UPW 10 went to arbitration. Unit 9 with the nurses went to arbitration. The rest settled and as part of their settlement they received a 50/50 split between the employer and the employee for the contributions.

"In fact, I think it needs to be stated in the public record that when the settlements were not reached by the deadline of June 30, 2011, the same employee union trust fund contribution levels for UPW 10 were also the same for Unit 9, which is the nurses who were in arbitration, firefighters who had not settled at that time, and also Unit 12, police officers had not settled at that time. So this is very much consistent, I guess with the letter and spirit of that agreement that was entered into by the employers and the different public worker unions. But in this particular case, UPW 10. So that's something to keep in mind.

"Again my concern stems from the fact that I don't want to be caught off guard pursuant to the Conference Rules because the current draft in the Senate Bill that came over from the Senate went through the Senate Judiciary and Labor Committee, expressed a 50/50 split. It came out of the Ways and Means Committee expressing a 50/50 split. It came out of the House Labor Committee expressing a 50/50 split. It comes out of the House Finance Committee expressing a 50/50 split. I don't want us to be locked in to going to something else. That's my concern, Mr. Speaker. Thank you."

Representative Luke rose to speak in opposition to the proposed Floor Amendment, stating:

"Thank you, Mr. Speaker. In opposition. The portion dealing with the Conference Rules deals with the substantive portion. The Floor Amendment only takes out the purpose section. The purpose section does nothing substantive. While I appreciate all the discussion that's on the Floor, that will all be decided during conference. Taking out the purpose section does nothing. Thank you."

Roll call having been approved, the motion that Floor Amendment No. 23, amending S.B. No. 1057, SD 2, HD 1, entitled: "A BILL FOR AN ACT RELATING TO EMPLOYER UNION HEALTH BENEFITS TRUST FUND CONTRIBUTIONS," be adopted, was put to vote by the Chair and failed to carry on the following show of Ayes and Noes:

Ayes, 20: Aquino, Cabanilla, Choy, Coffman, Cullen, Fukumoto, Har, Hashem, Ichiyama, Ito, Jordan, Kawakami, McDermott, Oshiro, Say, Takayama, Tokioka, Tsuji, Ward and Yamashita.

Noes, 31: Awana, Belatti, Brower, Cachola, Carroll, Cheape, Evans, Fale, Hanohano, Ing, Johanson, Kobayashi, Lee, Lowen, Luke, McKelvey, Mizuno, Morikawa, Nakashima, Nishimoto, Ohno, Onishi, Rhoads, Saiki, Souki, Takai, Takumi, Thielen, Woodson, Wooley and Yamane.

(Main Motion)

Representative Say rose to speak in support of the measure, stating:

"In support of the measure that is before us and I hope that during conference, that the conferees of the House will represent what was stated on the Floor of the House, that they will be looking for parity, they will be looking for equality for our blue collar workers here in the State of Hawaii.

"Yes it is silent that is 50/50 at this point in time, but I hope that the House leadership will give the House Labor Committee Chair and the Finance Chair the flexibility of opening it up to make it 60/40 because I truly believe that these individuals who are of the UPW deserve that 60/40 rather than 50/50. Thank you."

Representative Oshiro rose in support of the measure and asked that his written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Oshiro's written remarks are as follows:

"Mr. Speaker, I rise in support of the main motion on Senate Bill No. 1057, House Draft 1, but with strong reservations.

"I will not belabor the points raised during the debate on the Floor Amendment, but I want to stress my concerns that the language contained in the bill may preclude any discussion during conference on the employer's contribution for health insurance benefits. Again, this is based upon my reading of the applicable rules pertaining to the limitations of conference amendments.

"Rule 16.5 of the Rules of the House of Representatives, State of Hawaii, the Twenty-Seventh State Legislature, 2013-2014, states:

'The authority of a conference committee shall be limited solely to resolving differences between the House and the Senate versions of a bill or resolution.

Accordingly, a conference committee shall not amend a bill or resolution by inserting into the bill or resolution any unrelated or new subject; provided that the restrictions in this Rule 16.5 shall not apply to the General and Supplemental Appropriations Bills; provided further that any increases to the salaries, pensions, or retirement benefits for any elected or appointed officer of the State or County shall be considered by separate bill other than the aforesaid Appropriations Bills or any bill ratifying collective bargaining agreements.'

"In addition, Item 2 of the Joint House-Senate 2013 Committees on Conference Procedures, approved on April 6, 2013, states:

'The authority of the Conference Committee shall be limited to resolving differences between the Senate and House drafts of a measure. Accordingly:

- a. With the exception of the Executive Budget, the Judiciary Budget, and the Budget of the Office of Hawaiian Affairs, a Conference Committee shall not amend a measure by inserting any unrelated or new subject matter.
- b. To assure the integrity of individual measures, the merging of two or more distinct but related measures into one encompassing measure shall not be allowed.'

"Moreover, this Body has recognized the importance of these rules in supporting and unanimously approving a Floor Amendment to Senate Bill No. 930, RELATING TO THE PACIFIC INTERNATIONAL SPACE CENTER FOR EXPLORATION SYSTEMS SUSTAINABLE CONCRETE INITIATIVE, brought forth by the Chair of the Committee on Consumer Protection and Commerce, to avoid any question of the House position and avoiding risk of any collateral attack for 'new' language or position.

"While the Chair of Finance is correct that SECTION 1 of the bill is prefatory language, and that it does not have any operational effect on the law, it should be noted that it does carry weight in that it is a statement of the Legislature's – or more to the point, the House's – intent on this measure.

"Page 1, line 13 to page 2, line 2 reads:

'[The purpose of this Act is to provide:]. . . [e]mployer plan contributions of a specific dollar amount equivalent to **fifty per cent** of the premium rates established by the board of trustees of the Hawaii

employer-union health benefits trust fund for the respective health benefits plan plus **fifty per cent** of all administrative fees. . . [Emphasis added.]

"As discussed earlier, when there is impasse between the employer and the union on health fund contributions, the statute makes clear that each side provides RECOMMENDATIONS to the Legislature, and that it is then left to the Legislature to determine the amount to be appropriated for that cost item. For the House (Labor and Finance) at this time to provide identical language in the purpose clause as the Senate Position (Judiciary and Labor and Ways and Means) stating that it is the House's position to fund ONLY 50% is at best premature and may greatly limit the House's ability to negotiate with the Senate on the appropriate amount that reflects settlement should an agreement be accorded (i.e., 55% instead of 60%, or 60%) or allow for discussion of the union's position when the conferees determine the appropriation amount. At its worse, it may preclude the ability to even discuss or propose an amount greater than 50%.

"Mr. Speaker, I do hope Members understand that this is an instance of first impression for this Body in applying the provisions of Chapter 89, Hawaii Revised Statutes, where the employer and employee representative have not reached settlement on the cost share for employee health benefits. As such, careful thought must be given to this precedent setting decision. How this measure is resolved will be a reflection of this Legislature's will and application of its own conference rules and practices.

"During the previous discussion, we received assurances from the Chair of Finance that the House will not be precluded in any way during the negotiations. Well, I really hope that is the case. I will be monitoring the conference on the measure with great interest as will I'm sure the employee representatives of Unit 10. Thank you."

Representative Jordan rose to speak in support of the measure with reservations, stating:

"I rise in support with some slight reservations. Thank you very much."

Representative Johanson rose in support of the measure with reservations and asked that his written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Johanson's written remarks are as follows:

"Mr. Speaker, I rise with reservations on SB 1057, SD 2, HD 1. This bill establishes employer contribution amounts for plan years 2011-2012 and 2012-2013 for EUTF health benefit plan premiums for the employees of collective bargaining unit (10) and their excluded counterparts. I am concerned about the 50-50 contribution ratio that the bill references, as it is inconsistent with the 60-40 ratio that has historically defined the EUTF contributions between employers and employees. Although it is a semantics issue, it is still important enough to express some concerns.

"Additionally, potentially using the Legislature to impose terms outside of a collectively bargained agreement undermines the process of collective bargaining."

Representative Fukumoto rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Ward rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 1057, SD 2, HD 1, entitled: "A BILL FOR AN ACT RELATING TO EMPLOYER UNION HEALTH BENEFITS TRUST FUND CONTRIBUTIONS," passed Third Reading by a vote of 51 ayes.

At 3:56 o'clock p.m., the Chair noted that the following bill passed Third Reading:

S.B. No. 1057, SD 2, HD 1

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1597) recommending that S.B. No. 946, SD 1, HD 1 pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 946, SD 1, HD 1 pass Third Reading, seconded by Representative Awana.

At this time, Representative Tokioka offered Floor Amendment No. 16, amending S.B. No. 946, SD 1, HD 1, as follows:

"SECTION 1. Senate Bill No. 946, S.D. 1, H.D. 1, is amended by deleting:

- (1) All part designations;
- (2) All sections contained in Parts II, III, and IV; and
- (3) Sections 21 and 22.

SECTION 2. Section 1 of Senate Bill No. 946, S.D. 1, H.D. 1, is amended on page 1, line 2, by changing the word "part" to "Act".

SECTION 3. Section 23 of Senate Bill No. 946, S.D. 1, H.D. 1, is renumbered as section 6."

Representative Tokioka moved that Floor Amendment No. 16 be adopted, seconded by Representative Tsuji.

Representative Tokioka rose to speak in support of the proposed Floor Amendment, stating:

"Thank you, Mr. Speaker. I'll make this brief, I know we've had a long day. I rise in strong support of the Floor Amendment, Mr. Speaker. I think the proposed bill is premature, Mr. Speaker, and I think the content of the Part II of the bill needs to be vetted more. I don't believe the portion of Part II was vetted through the CPC Committee, which I think would be important for a bill like this.

"I have not heard any discussion of how this particular bill is going to help the Members or save the state any money, Mr. Speaker. I ask my colleagues to consider voting in support of the Floor Amendment. I know this particular bill or that portion of it died in the Senate when it went over in the House Bill. So I think we need to do more work on our side, Mr. Speaker, and I ask for the consideration of the Members of the House. Thank you, Mr. Speaker."

Representative Cachola rose to speak in opposition to the proposed Floor Amendment, stating:

"Mr. Speaker, I rise in opposition to the Floor Amendment. When I was given the assignment to look at addressing unfunded liability, all I did was research, research, research, and I came up with House Bill 1459. For somebody like our good friend from Kauai that says it's premature for us to come up with a solution to address the unfunded liability, I say it's not premature.

"You have to understand that captive insurance has been existing here in the State of Hawaii way back in the 1980's, and we have clients all over the world and the total amount of money that we have that is being handled by our captive insurance is about \$10 billion.

"So when I did my research as to the problem of the health unfunded liability, because that's the most serious of the problems rather than just also looking at the unfunded liability on the patient plan. We found that as of the 2011 state auditor's report, the total unfunded liability is between \$15 and \$17 billion.

"Then one of the things that is so glaring that I found out, that if we delay for another year, it will increase unfunded liability by over \$1 billion. This captive insurance, the way it works is this. If you look at the Senate proposal it just states putting money in the trust fund. Captive insurance not only does by having a reserve account on unfunded liability and other post-employee benefits, but also has the potential of saving a lot

of money based on a 2001 report that I found. It has the potential of saving 5% to 25% in the operation of the captive insurance.

"At that time in 2001 we only had about over \$200 million of premiums, both active as well as retirees. In 2011 we had \$760 million. The rate has been going up. Now we have about \$800 million. 5% savings at the low end of the spectrum, 5% to 25%, translates to about \$14 million. That amount of money will be placed in the reserve account in addition to the amount of money that is being contributed yearly.

"The other benefit is this. If we have savings, most of us are paying for health benefits taken out of your salary. If there are savings, that means you have enough money that had been collected to address the health care needs of our members, both retirees and active. So we have the option of not raising the rates. So you will be saving money in the long run as well as the employers' contribution.

"What I'm asking all of you is give me the chance to look at ways to marry the bills that are in Senate Bill 946. I say three bills, and that is the Ways and Means Chair's bill of contributing about a million dollars a year to the trust fund. The bill of Representative Isaac Choy in terms of forming a task force to address the unfunded liability and of course the guts of House Bill 1459 that creates the captive insurance. We can marry those three. Because of their captive we also contribute to the unfunded liability and other post-employee benefits.

"The effective date of House Bill 1459 that is now in Senate Bill 946 is July 1st, 2014, so we have time to come up with a feasibility study because the delay of one year costs us over a billion dollars."

Representative Brower rose to yield his time, and the Chair "so ordered."

Representative Cachola continued, stating:

"I urge the Members to please give us the chance to go to Conference Committee with the Senate and hopefully by doing it we are not just going to address the unfunded liability but also to save a lot of taxpayers money. Thank you, Mr. Speaker."

Representative Yamane rose to speak in support of the proposed Floor Amendment, stating:

"Thank you, Mr. Speaker. Standing up in support for the Floor Amendment. Mr. Speaker, as was noted by the previous speaker, this issue has a very broad and huge impact both on active as well as retiree members. Mr. Speaker, the purpose of having a discussion on captive should include areas of not only insurance, but labor unions, costs savings, budgeting and a number of other issues that should not be relied on either one Member or even a small Member to actively go out and conference within the next two weeks to come up with a bill to marry all these multiple issues in one measure.

"Mr. Speaker, the impact to fund a captive insurance program is a range of about \$1.3 billion which we cannot take lightly. Mr. Speaker, I think we owe our constituents, we owe all those potentially impacted, those that use and currently pay into the health benefit program, as well as all those retirees that would be impacted immediately if we put this type of money or any money to fund this kind of discussion.

"Mr. Speaker, as we look at options to address the current budget, we also have to look at the impacts of putting money into another special fund or funds and how that would impact not only our bond rating but the ability for this state to function by dealing with not only ongoing projects but meeting the basic needs of the people of the State of Hawaii.

"So, Mr. Speaker, I think it's prudent and appropriate that we take the off-session to have the appropriate discussions with all those affected areas. So I support the Floor Amendment."

Representative Evans rose to speak in opposition to the proposed Floor Amendment, stating:

"Thank you, Mr. Speaker. I stand in opposition to the Floor Amendment. Thank you. I was part of a committee that was appointed by the Speaker to look at our problems of unfunded liability and what the problem we have in Hawaii.

"The Representative from Kalihi when he spoke, he really is trying really hard to solve the problem and I have to say, in this committee hearing that we had an informational briefing it's become very clear that in Hawaii employers are really taking it upon themselves to go the captive insurance route and actually we're like the leader it seems in the United States of captive insurance companies. It's something I think that's worthy to keep in discussion.

"I think sending it over to the Senate doesn't mean that this is going to be the end-all, and in fact we are going to end up passing a bill on captive insurance. I think what it does do though is if it gets over to the Senate and people are really starting to realize the captive insurance is gaining momentum, it could really highlight and bring light to the issue and the work of the Representative from Kalihi that this is a solution that has to be discussed.

"I think forwarding it to the Senate may in fact bring more people to the table and encourage them to have this discussion, because I'd hate to have it die today and then nothing happens during the interim, because the problem is huge for us. This solution has merit to be discussed and I think moving it forward keeps us focused on this. So I'm against the amendment. Thank you."

Representative Tokioka rose to respond, stating:

"Mr. Speaker, second time again in support of the Floor Amendment. I just wanted to make note on the comments that the speaker from Sand Island made about me saying it was premature to address the unfunded liabilities. I never said that. I said what was premature is the language in Part II.

"I've been looking, I don't know how many committee meetings they had, but I've been looking for Waldo, and Waldo has not appeared to tell me or anyone in this room why this is a good bill. None of the testimony that we received in the committees were in support of this. So that's that concern. To echo the comments from the Chair of Transportation, I would say yes, we need to start moving in that direction, but not this quickly, Mr. Speaker. Because the unintended consequences can be detrimental to the state. So once again, Mr. Speaker, in support of the Floor Amendment."

The motion that Floor Amendment No. 16, amending S.B. No. 946, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO RESOLVING THE UNFUNDED LIABILITIES OF THE STATE AND THE COUNTIES," be adopted, was put to vote by the Chair and upon a voice vote, failed to carry, with Representatives Cachola and Evans voting no.

Representative Tokioka rose, stating:

"Mr. Speaker, point of clarification. I may be a little hard of hearing because I'm getting older, but it sounded kind of close, Mr. Speaker. You might have better hearing than me, but that decision was quick. I don't want to take up more Members' time but I think this is going to go back to the main motion, Mr. Speaker, and we'll have discussion there. Thank you."

At this time, the Chair stated:

"The Speaker is going to ask for a Division of the House. All those in support of the Floor Amendment signify by raising your right hand, keeping it up for sufficient time."

At this time, the Chair called for a division of the House, and upon a show of hands, the decision of the Chair was upheld.

(Main Motion)

Representative Har rose to speak in opposition to the measure, stating:

"Mr. Speaker, I rise in opposition. Just brief comments, Mr. Speaker. Part I of this bill is not a controversial part, but based on the conversation in the Floor Amendment, Part II establishes the Hawaii Employer-Union Health Benefits Trust Fund Captive Insurance Company. As we all know, captive insurance falls squarely within the purview of the CPC Committee. My objection lies on the fact that the current referral was LAB/FIN, and again captive insurance we all know for many Members who've been here for many years, that the CPC Committee should have heard that bill.

"This is a major shift in policy and as such the CPC Committee should have had jurisdiction over this bill, it should have been vetted before the members of the CPC Committee. For those reasons I stand in opposition. Thank you."

Representative Jordan rose to speak in opposition to the measure, stating:

"Mr. Speaker, note my opposition to this measure, and I hate to go in opposition since our Floor Amendment has failed. I do support Part I of this measure and I'm sad to say I will have to vote against Part I because of the Part II, because I am so strongly adamant against the Part II at this point in time.

"I wouldn't have minded a task force forming, hearing the lively debate with appointed individuals with knowledge of these particular fields have that discussion. But as it stands right now, Mr. Speaker, I have no choice but voting no on this measure."

Representative Say rose to speak in opposition to the measure, stating:

"In opposition and may I incorporate the speech that I gave on Third Reading on the original House Bill in opposition as my own for this? Thank you," and the Chair "so ordered." (By reference only.)

Representative Yamashita rose to speak in opposition to the measure, stating:

"Mr. Speaker, in opposition. Thank you very much. My opposition is very simple. This captive would be a government captive that would be competing with the private sector. That's number one.

"Number two, as far as addressing the unfunded liability, the most important thing we do right here is to pre-fund. I thank the Chair of Finance that we did do that. \$100 million in the first year, \$105 million in the second year, respectively. That is huge. By pre-funding, that is the biggest thing we can do right now. There is no way we can address the total unfunded liability, but we are changing from a system of pay-go to a pre-funding system. That will change the actuarial outcomes by, the previous speaker from Kalihi said, a billion dollars in one year. Increasing the unfunded liability by pre-funding, going from pay-go to pre-funding that would also have the reverse effect and will have billions of dollars going in the opposite direction.

"For those reasons, I think we are premature in putting this forward. I think what the House has done in the budget is huge. Thank you."

Representative Johanson rose in support of the measure with reservations and asked that his written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Johanson's written remarks are as follows:

"Mr. Speaker, I rise with reservations on SB 946, SD 1, HD 1. This bill would establish the Hawaii Employer-Union Health Benefits Trust Fund Captive Insurance Company. While I am definitely in favor of exploring methods to help finance the state's unfunded liabilities, I am unsure that establishing a captive insurance company is the right method to address this issue. It is unclear if the captive insurance company will reduce current benefits costs. It also is not readily apparent how a captive

insurance company, with all the additional insurance regulatory requirements, could be more cost effective than the status quo."

Representative Kawakami rose in opposition to the measure and asked that the remarks of Representatives Har and Yamashita be entered into the Journal as his own, and the Chair "so ordered." (By reference only.)

Representative Cullen rose in opposition to the measure and asked that the remarks of Representatives Har and Yamashita be entered into the Journal as his own, and the Chair "so ordered." (By reference only.)

Representative Fukumoto rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Tokioka rose to speak in opposition to the measure, stating:

"In opposition, Mr. Speaker. I'd like to insert the words into the Journal from the Representatives from Waianae and Upcountry Maui. I'd also like to mention that we still have the option to insert that language in the House Bill that's on the Senate side. So if the Senate feels that this is a good measure I'm sure they will agree to insert that language, Mr. Speaker. But right now I cannot support this bill. Thank you."

Representative Ito rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Ing rose to speak in support of the measure with reservations, stating:

"Reservations. I'd like to plagiarize the words of the Representative from Upcountry Maui. Also, this is the House stance so that's why I'm supporting it, and if we bring it to conference and there's disagreement there, then it can be taken out."

Representative Carroll rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Fale rose in support of the measure with reservations and asked that his written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Fale's written remarks are as follows:

"Mr. Speaker, I rise with reservations regarding Senate Bill 946, SD 1, HD 1. This measure addresses: EUTF; Task Force and Captive Insurance.

"Mr. Speaker, I believe that the Legislature has the political will to seriously address the problem of the unfunded liability in relation to the EUTF. I am in support of the formation of a task force to address this issue, as addressed in this bill.

"There is a captive insurance portion to this bill which was added to the bill in a later version. It is important to note that the City and County of Honolulu does not support the captive insurance company portion of this bill. The City and County of Honolulu stated, 'It is not clear how the establishment of a captive insurance company would improve the administration and financing of the unfunded liability of the EUTF compared to the Hawaii Employer- Union Health Benefits Trust Fund.'

"It is also important to note that Kalbert Young, Director of Department of Budget and Finance, State of Hawaii stated that, 'It is unclear if the captive insurance company will reduce current benefits costs.'

"Mr. Speaker, for these reasons I rise with reservations regarding Senate Bill 946, SD 1, HD 1."

Representative Morikawa rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Cheape rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."



Representative Ward rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Ohno rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Har rose in opposition to the measure and asked that the remarks of Representative Yamashita be entered into the Journal as her own, and the Chair "so ordered." (By reference only.)

Representative Onishi rose to speak in support of the measure with reservations, stating:

"With reservations Mr. Speaker, with a brief comment. I too would like to have seen more information provided on the captive insurance program. So again I think it's very important, it's an important issue, I think it affects a lot of people and I'm happy there's going to be a task force established. Thank you."

Representative Oshiro rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 946, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO RESOLVING THE UNFUNDED LIABILITIES OF THE STATE AND THE COUNTIES," passed Third Reading by a vote of 36 ayes to 15 noes, with Representatives Aquino, Choy, Coffman, Cullen, Har, Ichiyama, Kawakami, McKelvey, Say, Takayama, Tokioka, Tsuji, Woodson, Yamane and Yamashita voting no.

At 4:18 o'clock p.m., the Chair noted that the following bill passed Third Reading:

S.B. No. 946, SD 1, HD 1

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1601) recommending that S.B. No. 381, SD 2, HD 1, as amended in HD 2, pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 381, SD 2, HD 2 pass Third Reading, seconded by Representative Awana.

At this time, Representative Ward offered Floor Amendment No. 22, amending S.B. No. 381, SD 2, HD 2, as follows:

"SECTION 1. Senate Bill No. 381, S.D. 1, H.D. 2, is amended by adding a new section 3 to read as follows:

SECTION 3. The campaign spending commission shall submit a report to the legislature no later than January 31, 2015, that compiles, for each of the 2010, 2012, and 2014 election cycles, information from the comprehensive public funding program, established pursuant to part I of Act 244, Session Laws of Hawaii 2008, that states:

- (1) The number of declarations of intent to seek comprehensive public funding received;
- (2) The number of applications for certification received;
- (3) The number of candidates who were certified for comprehensive public funding;
- (4) The amount of comprehensive public funding committed to certified candidates;
- (5) The number of candidates who actually received comprehensive public funding;
- (6) The number of candidates who received comprehensive public funding and on whose behalf nomination papers pursuant to section 12-3, Hawaii Revised Statutes were never previously filed for any preceding election cycle;

(7) The number of candidates who withdrew from nomination or election after declaring intent to receive comprehensive public funding;

(8) The number of candidates who received comprehensive public funding and who were elected to the offices sought;

(9) A comparison of the total campaign expenditures of each candidate who received comprehensive public funding against each opposing candidate who did not receive comprehensive public funding;

(10) The amount of funds distributed to candidates pursuant to the comprehensive public funding program that those candidates returned to the Hawaii campaign election fund; and

(11) All known violations of Part I of Act 244, Session Laws of Hawaii 2008.

SECTION 2. Senate Bill No. 381, S.D. 1, H.D. 2, is amended by renumbering the existing sections 3, 4, and 5 as sections 4, 5 and 6, respectively."

Representative Ward moved that Floor Amendment No. 22 be adopted, seconded by Representative McDermott.

Representative Ward rose to speak in support of the proposed Floor Amendment, stating:

"Mr. Speaker, I rise in support of the amendment. Mr. Speaker, this amendment is all about data collection, it's all about, I would say, doing our homework. Some call it metrics, some call it keeping score, some say if we're going to spend money, let's make sure we spend it well.

"Mr. Speaker, this is in regards to the bill that has been a pilot program for the last three years on the Big Island. It's basically taking public funding, taxpayer's money, and funding elections. Funding elections only at the county councilman level. If this pilot is successful, everyone in this body, everyone in the Senate, likely will have their races also impacted by this.

"Mr. Speaker, what's missing conspicuously when you do a pilot is the measurement to see whether it worked or didn't work. You might want to call this a bit of a pointed-head sort of a nerdy kind of amendment, but I think it's friendly and I think it's necessary because if we spend all the money that we've already spent and the only evaluation they have is of the first year, we don't know even know what they've done because they haven't kept score.

"This amendment simply does the following. It asks the campaign spending commission to collect data by 2015, saying how many people did they have, how many applications came in, how many did they accept, how much money was spent, how did they fare in their elections compared to those who spent their own money, how many people actually quit, how many were perennial people who, like we always have candidates who run against, whether they have money or not they run, what actually took place in those elections, Mr. Speaker.

"The point is, if we can't measure a pilot program and then we're going to send it, as one bill already said to the House and the Senate to fund those elections. Mr. Speaker, I don't think we're being responsible. So for those reasons, I think if we just add some metrics, measurements to this public funding of the Big Island, I think we'll be better off. For those reasons, I'm offering this amendment."

Representative McDermott rose to speak in support of the proposed Floor Amendment, stating:

"Mr. Speaker, I stand in support. First of all I'd like the comments of the previous speaker entered into the Journal as if they were my own. Also, Mr. Speaker, when we are spending taxpayer's money on nonessential items, I think there's no harm in collecting the data to see if it has value, particularly in something that most folks view as nonessential, funding campaigns. So I think the Representative from Hawaii Kai made some very good points, and for that reason, I'll be supporting this. Thank you."

Representative Fale rose to speak in support of the proposed Floor Amendment, stating:

"Mr. Speaker, in support. Mr. Speaker, may I also have the words of the Representative from Hawaii Kai adopted as my own. Mr. Speaker, for the Members of this House, we're often we're either described as *lunamaka'āinana* or *'elele*. I prefer the term *'elele* which more or less translates into 'messenger' in English. When we come over here we do our work and I like to go back to my community and give a report, which means I have to track what's going on inside this building so that I can give a report.

"This is something that I believe, Mr. Speaker, is a principle that we follow throughout life. As a rugby player, as a boxer, everything I do, you perform an activity, you measure your progress and you give a report. One of the things that shocked me a lot, Mr. Speaker, is the number of task forces that we have to perform, the number of audits that we have to perform because we're not keeping track of exactly how we're spending the taxpayer's money and getting reports back as to the effectiveness of the taxpayer money that we're spending.

"I believe, Mr. Speaker, this is a very strong commonsense approach to this measure, to make sure that every penny, every dime that goes out of this body. Because I know where we're collecting them from, we're collecting them from 74 year old widows who live next door to me in my community.

"There are a number of things that are going on, Mr. Speaker, and I would like to go back and give a report for the dimes and pennies that we're taking out of their pockets and spending and just saying, did it work or did it not work, and if it's not working, so that we can make adjustments necessary. It's a principle that we follow in the military, we employ tactics, we employ resources and we give a report back to our commanders and our superiors so that we can make decisions regarding the future of any activity that we engage in, Mr. Speaker.

"I believe this is a very good, very strong commonsense approach that not only we should apply to this measure but to many other measures, Mr. Speaker, that we pursue in this House. For those reasons, Mr. Speaker, I support this amendment."

The motion that Floor Amendment No. 22, amending S.B. No. 381, SD 2, HD 2, entitled: "A BILL FOR AN ACT RELATING TO COMPREHENSIVE PUBLIC FUNDING FOR ELECTIONS," be adopted, was put to vote by the Chair and upon a voice vote, failed to carry, with Representatives Cabanilla, Cachola and McKelvey being excused.

(Main Motion)

Representative Jordan rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 381, SD 2, HD 2, entitled: "A BILL FOR AN ACT RELATING TO COMPREHENSIVE PUBLIC FUNDING FOR ELECTIONS," passed Third Reading by a vote of 46 ayes to 2 noes, with Representatives Fale and McDermott voting no, and with Representatives Cabanilla, Cachola and McKelvey being excused.

At 4:25 o'clock p.m., the Chair noted that the following bill passed Third Reading:

S.B. No. 381, SD 2, HD 2

Representative Luke, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 1602) recommending that S.B. No. 49, SD 2, HD 1, as amended in HD 2, pass Third Reading.

Representative Saiki moved that the report of the Committee be adopted, and that S.B. No. 49, SD 2, HD 2 pass Third Reading, seconded by Representative Awana.

Representative Jordan rose and asked that the Clerk record an aye vote with reservations for her, and the Chair "so ordered."

Representative Say rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 49, SD 2, HD 2, entitled: "A BILL FOR AN ACT RELATING TO EDUCATION," passed Third Reading by a vote of 48 ayes, with Representatives Cabanilla, Cachola and McKelvey being excused.

At 4:27 o'clock p.m., the Chair noted that the following bill passed Third Reading:

S.B. No. 49, SD 2, HD 2

**S.B. No. 1092, SD 1, HD 1:**

Representative Saiki moved that S.B. No. 1092, SD 1, HD 1 pass Third Reading, seconded by Representative Awana.

At this time, Representative Say offered Floor Amendment No. 18, amending S.B. No. 1092, SD 1, HD 1, as follows:

"SECTION 1. Section 1 of Senate Bill No. 1092, S.D. 1, H.D. 1, is amended on page 2, lines 12 and 21, by inserting \$25,000,000 as the additional amount to be transferred to the hurricane reserve trust fund in fiscal year 2014-2015.

SECTION 2. Section 1 of Senate Bill No. 1092, S.D. 1, H.D. 1, is amended on page 2, line 17, by inserting \$157,000,000 as the amount of the projected fiscal year 2014-2015 balance of the hurricane reserve trust fund."

Representative Say moved that Floor Amendment No. 18 be adopted, seconded by Representative Ito.

Representative Say rose to speak in support of the proposed Floor Amendment, stating:

"Mr. Speaker, this is a very friendly Floor Amendment in trying to educate the Members of the House in regards to what was presented to this Body by the Governor. In the Governor's financial plan there was \$25 million set aside for the second year of the biennium in trying to recapitalize our Hawaii Hurricane Relief Fund.

"For those who were here who were highly critical of me as the former Speaker in regards to taking some of the funds from the Hawaii Hurricane Relief Fund, it is my commitment today this afternoon to recapitalize and support this particular fund once more for the people of the State of Hawaii.

"We've been very, very fortunate that we have never had a natural disaster since Hurricane Iwa, but someday it will occur again and this particular measure is a measure that I think everyone should be able to support, because it is a work in progress with the effective date being 2030. Thank you very much, Members of the House."

Representative Luke rose to speak in opposition to the proposed Floor Amendment, stating:

"Thank you, Mr. Speaker. Mr. Speaker, in opposition. Although I appreciate the efforts of the Floor Amendment, at this point in time the reason why Finance Committee blanks out all of the appropriation amounts is we don't know what's going to happen to the end result until the budget is done. There are many various items that are important that we need to fund. Collective bargaining is still outstanding.

"This bill and the next bill is not funding for the first year of the biennium, it's providing HHRF additional funds for the second year of the biennium. At this point in time to put any kind of dollar amount will tie the hands of the Finance Committee in negotiations. At the end we might do more, we might do less.

"But let me just kind of remind the Members, the Governor's financial plan depended on a lot of tax increases. It depended on increase of the TAT to 11.25%, and that's why they were able to afford something like this. In opposition."

Representative Ward rose to speak in support of the proposed Floor Amendment, stating:

"Mr. Speaker, in support. Mr. Speaker, I want to acknowledge that the Speaker Emeritus has openly, honestly and publicly admitted that he has raided money in the past. As the former Minority Leader, I'd like to say that it was the minority who said, let's borrow the money from the Hawaii Hurricane Relief Fund, and now we're finally paying it back and in it's a specific amount. So for those reasons, I support it. Thank you."

Representative Jordan rose to speak in support of the proposed Floor Amendment, stating:

"Mr. Speaker, in support of the Floor Amendment. Mr. Speaker, over the last two years we have dealt with this. Me as a freshman sitting on the Finance over the last two years and having to explain to constituents at community meetings why we were borrowing from the Hawaii Hurricane Relief Fund was very challenging. Especially when the thought process out there with constituents was that was their money.

"I feel at this point in time we as a body, the House should set a precedent and support our current Administration by showing good faith to our constituents out there at least in this tool going into the negotiations during conference time. So therefore I will be supporting this Floor Amendment, Mr. Speaker. Thank you."

Representative Oshiro rose to speak in support of the proposed Floor Amendment, stating:

"Thank you, Mr. Speaker. I rise in support. Let me just draw everyone's attention to page number seven of the Budget in Brief. I read from it directly. 'Recapitalizing Our Reserves. Pursuant to Section 237-31, Hawaii Revised Statutes, a sum from all general excise tax revenues realized by the State that is equal to one-half of the total amount of funds appropriated or transferred out of the hurricane reserve trust fund under Sections 4 and 5 of Act 62, Sessions Laws of Hawaii 2011.'

"Just for the Members' recollection, the new Members here, the authorization to expend those monies was given to the Governor for the purposes, again, of settling the furloughs that were in place by the prior Administration. That's where we got the money. Times were tight, there were no General Fund revenues available, but I think all of us agree that Furlough Fridays was a terrible, disastrous mistake. To correct that we had to go back and allow the Board of Education, the Governor's office, to settle the contracts and that's where we found the money, out of the Hawaii Hurricane Relief Fund.

"Fortunately, we had the foresight at that time to automatically replenish or repay the amount that was borrowed from the Hawaii Hurricane Relief Fund. As such, for Fiscal Year 14 and 15, set amounts will be deposited in each Fiscal Year by October 1st of that Fiscal Year. As such, \$55 million will be deposited to the trust fund each year for Fiscal Year 14, which is where we are right now, and Fiscal Year 15.

"Additionally, this is where the Governor's strategy comes into play as a prudent fiscal matter. Our Administration will be proposing to further recapitalize our reserve funds, the EBRF, Emergency and Budget Reserve Fund, and the Hawaii Hurricane Relief Fund, HHRF. Through separate legislation we will be proposing to transfer \$25 million from General Funds to each fund in Fiscal Year 15, that's the second year of the biennium.

"This is the point. With these additional transfers, the balance of the EBRF will be \$64 million. Just about making it whole from where it was two years ago, Mr. Speaker, when we had to tap that because the Members wanted to provide grants-in-aid to many of the nonprofits who were being shortchanged given the economic conditions we're in. Also, Mr. Speaker, by appropriating an additional \$25 million we're bringing the HHRF up to \$136 million, just about where it was two years ago when we had to use that to address the Furlough Fridays issue for a total of \$200 million in reserves.

"As the Representative from Upcountry Maui understands, to have a \$200 million reserve means something when it goes to the bond market. So that's why I think this is a reasonable request. I think it's one that is fiscally prudent and it's something we can afford right now. Thank you."

Representative Nishimoto rose to speak in opposition to the proposed Floor Amendment, stating:

"Thank you, in opposition. Mr. Speaker, this is my 7th year on the Finance Committee, under my 3rd Chair, and it's been standard operating procedure to blank out amounts in bills like this. It gives the Finance Committee the flexibility to see what we can afford later in the game. We might actually want to put in more than \$25 million. But it gives us the flexibility to do that. Thank you."

Representative Say rose to respond, stating:

"Mr. Speaker, second time, just to clarify it for the Members of the House. The \$25 million for the second year of the biennium is incorporated in the Governor's budget. It may be the minimum of what the House and Senate conferees will agree upon, it may not. But for the Members of the House, you want to show the commitment to the administration that we as a Democratic Caucus and Minority Caucus do support recapitalizing the Hawaii Hurricane Relief Fund.

"To top it off, I stated for the record earlier, 2030, effective date, it's a work in progress. We're not locked into this \$25 million for the second year. Take it to conference because of the defective date. This is what the discussion has been on the Floor of the House for the past 46 days. We defect the dates of the bills and we take it into conference. I plead with you to support this particular measure. Thank you."

Representative McDermott rose to speak in support of the proposed Floor Amendment, stating:

"Mr. Speaker, as a gesture of good will and my limited influence over the direction of financial matters, I will support this amendment. Thank you."

Representative Luke rose to respond, stating:

"Mr. Speaker, still in opposition. In Conference Committee, if the Senate comes back and says we agree to the \$25 million, at that time if we change our minds and wanted to do more, it is tying our hands. Thank you."

Representative Saiki rose to speak in opposition to the proposed Floor Amendment, stating:

"Mr. Speaker, I rise in opposition to this Floor Amendment. I believe that if we are going to assess the Governor's financial plan we should not look at very narrow items like the one that is contained in this measure. We should look at all of the Governor's proposals and be consistent in supporting all of his proposals.

"For example, the Governor proposed that we increase the barrel tax, he proposed that we increase the conveyance tax, he proposed that we create a tax on sugary drinks. He has requested an increase to 11% of the TAT tax and he's asked us to spend \$120 million per year on an early education program. His financial plan did not fully account for collective bargaining. His estimate was at 2%. It's likely to be at least 3% for all of the bargaining units without including step movements, which would add another 6% in some cases.

"If we're going to convey a message of support for the Governor's Financial Plan, then we should be consistent and we should focus on all of the significant aspects of his plan, not the small pieces like this one. Thank you very much."

Representative Evans rose to speak in opposition to the proposed Floor Amendment, stating:

"Thank you, Mr. Speaker. I rise in opposition. Thank you. I appreciate the discussion of who did what, why and when. But I know one thing, I have confidence in our Finance Chair and her Committee members to understand that bond rating is really critical and it's one of the important issues that we have to deal with this legislative session and that is why the issue of even captive insurance came up, is because we're concerned about our bond ratings. I know that they get it and so I'm not worried about that."

"I do not believe that there's any need for this Floor Amendment. That in fact, just like the Vice Chair of Finance pointed out, normally we go into conference with the Senate and we understand what's going on with bond ratings. We understand now that we have some moving parts, collective bargaining, early childhood education. We've got a lot of bills out there and a lot of priorities and a lot of us here in this Chamber are going to vote on what those priorities are. In the end you've got to have all these pieces in play. This Floor Amendment is not necessary at this time. Thank you."

Representative Souki rose to speak in opposition to the proposed Floor Amendment, stating:

"Mr. Speaker, I wish to speak in opposition, with kind of a tongue-in-cheek a little bit. We have three former Finance Chairmen present right here and it's kind of disingenuous in a way and ironic, and most of us in the past always leave something like this with a dollar amount of zero and wait until the end, until we see how many dollars are available. Suddenly we have here, in this late hour, speaking how important it is to recapitalize."

"I have the highest respect for all of them because they all work very hard. In the past I have been a Finance Chairman, I know how hard it is. I think the timing right now is not quite right. Thank you very much."

Representative Ward rose to respond, stating:

"Mr. Speaker, I have been inspired by Speaker Souki's comment that there are three, now four Finance Chairs, of which I've sat under all four on the Finance Committee. I point out to mention that this is the first time we will be doing an appropriation as publicly and as important as this, because otherwise the way that the Finance Chairs have run the Finance Committee is the decision is made by one, two or three people who see actually the balance sheet of the State of Hawaii."

"So this is actually more of a direct election, a free democracy, an open and transparent one, actually voting on the budget piece by piece. Now if we did everything we'd be here for probably another six months. But the point is, this in front of the Finance Chairs, is a first sort of breath of fresh air democratically speaking. Thank you."

Representative Oshiro rose to respond, stating:

"Thank you, Mr. Speaker. Still in support. I beg to disagree with the Speaker, the former Finance Chair, this is not disingenuous at all. This is very genuine. As many of the former Chairs know, what you put forward as far as draft proposals allows us to have the ability to negotiate."

"One of the problems that we face right now is that no one here either in the coalition or those outside the coalition has any idea what the financial plan looks like. We know that the Governor's revenue bills have failed. The bag fee, the soda tax, the conveyance tax, the barrel tax, the TAT. They have all failed. So we understand the revenue side of the picture. We don't know what the expenditure side is right now."

"One of the priorities of the body, and I think that's why this is a very encouraging discussion and I appreciate the proposed amendment by the Speaker Emeritus, but it doesn't foreclose or prevent the negotiators to come up with some kind of set-aside for the Hawaii Hurricane Relief Fund

or the Rainy Day Fund. Again, we were there two years ago and we had to use the money and we did it with great concern. In fact, some of the minority members who are sitting here today were very critical of us even using that approach, of touching the Hawaii Hurricane Relief Fund, of using the Rainy Day Fund. Very critical. Go and check the record."

"All we're trying to do is make those pots of money whole while we have the ability. That was the whole idea back in 2011. When we have the opportunity, to make those pots whole. That's what we're trying to do here. This is not going to constrain any negotiations that go on."

"But it leads me to the bigger question. What is the House's financial plan? What are the revenue generators under consideration? What other expenditures under consideration? How does it comport with the Governor's financial plan? I mean, those are questions that all of you guys should understand and acknowledge or have some idea of where we're going to go because in the wee hours of the Conference Committees, if you guys start to negotiate all these bills and it piles up at the very end, you guys are going to have no idea unless you're a member of the coalition. From there, you'll get some insight to what's going on."

"For the rest of you like me, you'll learn on the Floor what the priorities were, what the priorities are, and how we're going to balance. So thank you, Mr. Speaker. I'll submit written comments if you'll allow me."

Representative Oshiro's written remarks are as follows:

"Mr. Speaker, I rise in support of Floor Amendment No. 18 on Senate Bill No. 1092. The Floor Amendment would transfer \$25 million in general funds to the Hawaii Hurricane Relief Fund (HHRF) for Fiscal Year 2014-2015. This is the amount proposed by the Administration in its six year financial plan, which would change the projected Fiscal Year 2014-2015 balance on the HHRF to \$157 million. Under this Floor Amendment, the effective date would continue to be July 1, 2030."

"As the Chair of the Finance Committee during the worst recession this state has faced since the Great Depression, I recommended to this Body that we borrow funds from the HHRF to make up for a \$1 billion shortfall in revenues so that essential programs and services would be continued. This was an essential move to provide funding for our social service net – the non-profit providers throughout our communities helping our *kupuna*, our *keiki*, and those most in need. Conceptually, these funds were to be used to end 'Furlough Fridays' which kept public schools closed. Not all agreed with the decision but those who did understood that the money would be paid back as soon as practicable and that this was a 'lesser of evils' choice among very limited options. I am sure that many of my Republican colleagues would be supportive of making the HHRF whole as soon as possible."

"As such, we were able to preserve these services and keep our schools open but it came at a cost. By reducing the reserves of the HHRF, our real property markets and banking industry were placed at greater risk in the event of another hurricane. As what happened after Hurricane Iniki, private insurers stopped covering wind storm damages and mortgage lending came to a halt. The Legislature at that time determined that mechanisms were needed to ensure that when another hurricane hits our state, our government would be prepared to step in and preserve our markets from another insurer pull-out. Thus was born the HHRF."

"Also, as noted recently, the HHRF reserve serves another purpose. The bond market considers the existence of and levels of solvency of the HHRF favorably in determining Hawaii's bond rating. It demonstrates the state's commitment to preserving its fiscal well-being for future events and serves as another cash 'savings account'. For my new colleagues, the other 'savings account' is the Emergency Budget and Reserve Fund (EBRF), which is projected to have a 2014-2015 balance of \$64 million if the Legislature approves a \$25 million infusion of cash, or \$39 million without such an addition."

"Mr. Speaker, this bill reaffirms the state's commitment to paying off the loan the Legislature took from the HHRF in 2011. By passing this Floor Amendment, this House is saying 'yes, Governor, the House of Representatives stands with you in committing the state's resources toward

paying off this loan.' We are saying that the House is committed to appropriating \$25 million above and beyond what was formally budgeted because this is important to the financial health of our state, and important toward us keeping our positive bond rating.

"Finally, Mr. Speaker, I understand that as budget negotiations proceed, the managers need flexibility to negotiate. That is why the Floor Amendment retains its July 1, 2030 effective date. But I believe it is important for the House to take a position on whether we pay our debts when we are able.

"I urge my fellow colleagues to support this Floor Amendment. Thank you."

Representative Johanson rose to speak in opposition to the proposed Floor Amendment, stating:

"Thank you, Mr. Speaker. In opposition. While I appreciate the intent of the Floor Amendment, I think we all do because we all support the underlying bill to recapitalize the Hawaii Hurricane Relief Fund. I'd like to make that extremely clear, that I think we all support, especially my caucus, the recapitalization of the fund.

"What I do appreciate about the underlying bill and less the Floor Amendment is I think it takes into account a more holistic approach. Instead of artificially putting in a figure to put in a figure and perhaps unduly raising the hopes or expectations of the community, having it blank ensures that we can, in a fiscally responsible way as details and figures becomes more apparent and clear to us throughout the budgetary process. It allows us that flexibility without just putting in something, a number to put in a number.

"I think many of us know that while it's certainly not objectionable in and of itself, at this point it's just a random number. It could be more, and if we support a greater recapitalization of the Hawaii Hurricane Relief Fund, I wouldn't want to artificially just peg it to a number for these purposes. I also want to do it in a way that I think is fiscally responsible and fiscally prudent which heretofore has been the tradition and I think that is currently being continued under the underlying bill, which this Floor Amendment may abandon in terms of tradition. So for those reasons I do oppose this Floor Amendment. Thank you."

Representative Har rose to speak in support of the proposed Floor Amendment, stating:

"Thank you, Mr. Speaker. In support of the Floor Amendment. Mr. Speaker, there's been some comments regarding looking at this measure holistically, if we're going to support the Governor's initiative. While I don't disagree with that I still think that for some Members to say that we shouldn't be looking at this piecemeal, that this is a small measure and that this is a random number, is just incorrect.

"The fact here, Mr. Speaker, is this is the responsible thing to do. As the Speaker Emeritus noted that there is a defective date, this states the House position, that at a minimum we're willing to take \$25 million. As the Finance Chair noted, yes we can in fact come in for a higher amount, but it's clear that this Body has not necessarily supported many of the Governor's initiatives. So the chances of that happening are pretty much close to nil.

"So I take great umbrage to the fact when people say that's an arbitrary, capricious number, because it is in fact not. This is a number that was vetted by the Administration, and so for those of us who want to support the fiscally responsible thing to do, we support this Floor Amendment.

"It can still be changed, and granted yes the Senate can agree to the \$25 million and we would be stuck, but at a minimum it shows our support for the Governor's financial plan with respect to recapitalizing the Hawaii Hurricane Relief Fund which we did transfer money out of in past years during the Great Recession when we were dealing with things like Furlough Fridays. For those reasons, Mr. Speaker, I stand in support of the Floor Amendment. Thank you."

The motion that Floor Amendment No. 18, amending S.B. No. 1092, SD 1, HD 1, entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION TO RECAPITALIZE THE HURRICANE RESERVE TRUST FUND," be adopted, was put to vote by the Chair and upon a voice vote, failed to carry, with Representatives Evans, Johanson, Luke, Nishimoto, Saiki and Souki voting no, and with Representatives Cabanilla and McKelvey being excused.

(Main Motion)

Representative Kawakami rose to speak in support of the measure, stating:

"Thank you, Mr. Speaker. In support. I'd just like to say that I would encourage, as negotiations are ongoing, that we seriously take a look at putting money back into this Hawaii Hurricane Relief Fund. The birth of this fund was a result of Kauai and parts of Oahu being hit in 1992 by a tremendous hurricane. Private insurance companies left us and so this relief fund was a safety net for people from Kauai.

"Now for Kauai, we're looking at it from a different perspective. When you think about it, when we raided the fund to address the economic hurricane that hit Hawaii, for the people of Kauai it made them very wary because for them they remembered this as a safety net when the private companies left Hawaii. So, Mr. Speaker, in support, and I seriously would like to see the negotiations address this issue. Thank you."

Representative Say rose in support of the measure and asked that his written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Say's written remarks are as follows:

"Mr. Speaker, I rise to speak in support of SB 1092, SD 1, HD 1, 'Making an Appropriation to Recapitalize the Hurricane Reserve Trust Fund.'

"The purpose of this measure is to appropriate general funds to the Hurricane Reserve Trust Fund. In the past years, the Legislature has transferred funds from the Hurricane Reserve Trust Fund to balance the General Fund budget. The transfer of monies from the Hurricane Reserve Trust Fund to the budget was considered a loan. The previous Legislature conducted this transfer in an effort to not impose increases on the General Excise Tax (GET) and the Income Tax. It would negatively affect the standard of living of our taxpayers and the people of the State of Hawaii.

"It is for these reasons that I support the General Fund appropriation of \$25 million dollars to recapitalize the trust fund.

"It is inevitable that another natural disaster such as a hurricane or earthquake may occur in the next decade, so it would be prudent to set aside more General Funds before the disaster occurs. I truly hope that the House conferees will restore it at \$25 million dollars, which was at the Governor's request for the second year of the biennium. Thank you Mr. Speaker."

Representative Johanson rose in support of the measure and asked that his written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Johanson's written remarks are as follows:

"Mr. Speaker, I rise in strong support of SB 1092, SD 1, HD 1. This bill makes a general fund appropriation of an unspecified amount for Fiscal Year 2014-2015 to recapitalize the Hurricane Reserve Trust Fund. I concur with Budget Director Kalbert Young, when he said in his testimony before the Finance Committee, that 'now that the economy is rebounding and more revenues are available, a concerted effort must be made to recapitalize the state's depleted fiscal reserves as expeditiously as possible.'

"The people of Hawaii expect the Legislature to make prudent financial decisions, which restoring fund to the Hurricane Reserve Trust Fund certainly is. Once the final budget is decided, we will be able to allocate a fiscally prudent sum to recapitalizing the fund. I strongly believe that this

is a bill of vital importance, and am proud to strongly support SB 1092, SD 1, HD 1."

Representative Jordan rose to speak in support of the measure, stating:

"In support, and may I have the words from the Representative from Kauai submitted as if they were mine. I too come from a Westside that was hit by both those hurricanes very strongly, especially the first one. Trying to drive out of your community when you have telephone poles across four lanes of highway, no electricity for more than 13 days. Now when I stand before constituents saying, did we recapitalize the hurricane fund? That is very difficult, Mr. Speaker. So I encourage our Finance Chair to please heed our calls and recapitalize this account and do your best efforts during our negotiations for the budget. Thank you, Mr. Speaker."

Representative Cachola rose to speak in support of the measure, stating:

"Mr. Speaker, I rise in strong support of this measure. I just want to let everybody know that way back in 1992, I concur with the observation of the Representative from Kauai that when Hurricane Iniki struck, all the insurance companies covering homeowners and catastrophic insurance ran away. That's when I introduced a bill to save the taxpayer's money that we are now debating to put back.

"It's really very critical that we have to put back the money. Based on my research at that time, most of the hurricanes occur 20 to 25 years apart. We are now in our 21st year from 1992 when Hurricane Iniki struck, and I just want to let you know that we are now in a danger zone in terms of the frequency of hurricanes that is based on a hundred year history of hurricanes here in Hawaii. It is very imperative that we should put back the money.

"In respective of how fast we can do it is very critical. That's why I introduced House Bill 1443 and I thank all the Members of this Body because we passed it and on the Senate side they don't want to hear it. What it does is to upgrade the amount of money that is more or less the coverage that's needed because the amount of money that is in 1992 is way different now. The pull of money that was placed to at least pay for damages was only \$1.6 billion. The \$1.6 billion at that time covered 2/3 of the homes here in the State of Hawaii. Now that \$1.6 billion can only cover not even 2,000 homes because the home has escalated in value.

"So it's very important that we should be putting the money in as fast as we can, because if a hurricane occurs and the insurance companies run away again, we will be faced with the same problem. So I urge everyone to please vote up and put back the money right away. Thank you."

Representative Awana rose in support of the measure and asked that the remarks of Representative Tokioka be entered into the Journal as her own, and that her written remarks be inserted in the Journal, and the Chair "so ordered." (By reference only.)

Representative Awana's written remarks are as follows:

"Mr. Speaker, I rise in support. Mr. Speaker, as a former resident of the 44th District, I was present during the last two hurricanes that caused damage to the Waianae Coast. I sat in my parent's home while the eye of the storm passed over. During hurricanes Iwa and Iniki, thousands of homes were damaged and others demolished by the high winds, heavy rains and high surf that slammed into the Leeward Coast. Luckily our home was spared, but for many that was not the case. SB 1092 replenishes funds into the Hurricane Reserve Trust Fund after having raided it to balance our state's budget. I am glad to see that this measure is here before us so that we can restore trust and faith with the people of Hawaii – before the next one hits. There will be a next one. For these reasons, I rise in support. Thank you, Mr. Speaker."

Representative Fale rose to speak in support of the measure, stating:

"Mr. Speaker, in support. This is a particular measure that will be of a lot of meaning to my community which would be severely vulnerable to a hurricane on the windward and north-facing shores of Oahu. So this will go a long way to giving my community a lot of peace of mind. I'd like to

incorporate the words of the Representative from Kauai as if they were my own," and the Chair "so ordered." (By reference only.)

The motion was put to vote by the Chair and carried, and S.B. No. 1092, SD 1, HD 1, entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION TO RECAPITALIZE THE HURRICANE RESERVE TRUST FUND," passed Third Reading by a vote of 49 ayes, with Representatives Cabanilla and McKelvey being excused.

At 4:53 o'clock p.m., the Chair noted that the following bill passed Third Reading:

S.B. No. 1092, SD 1, HD 1

**S.B. No. 1094, SD 1, HD 1:**

On motion by Representative Saiki, seconded by Representative Awana and carried, S.B. No. 1094, SD 1, HD 1, entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION TO THE EMERGENCY AND BUDGET RESERVE FUND," passed Third Reading by a vote of 49 ayes, with Representatives Cabanilla and McKelvey being excused.

At 4:55 o'clock p.m., the Chair noted that the following bill passed Third Reading:

S.B. No. 1094, SD 1, HD 1

**S.B. No. 1194, SD 2, HD 1:**

Representative Saiki moved that S.B. No. 1194, SD 2, HD 1 pass Third Reading, seconded by Representative Awana.

At this time, Representative Say offered Floor Amendment No. 20, amending S.B. No. 1194, SD 2, HD 1, as follows:

"SECTION 1. Senate Bill No. 1194, S.D. 2, H.D. 1, is amended by deleting the proposed new paragraph (6) being added to subsection (a) of section 237D-2, Hawaii Revised Statutes, to read as follows:

"(a) There is levied and shall be assessed and collected each month a tax of:

- (1) Five per cent for the period beginning on January 1, 1987, to June 30, 1994;
- (2) Six per cent for the period beginning on July 1, 1994, to December 31, 1998; ~~and~~
- (3) 7.25 per cent for the period beginning on January 1, 1999, ~~and thereafter;~~ to June 30, 2009;
- (4) 8.25 per cent for the period beginning on July 1, 2009, to June 30, 2010; and
- (5) 9.25 per cent for the period beginning on July 1, 2010, and thereafter;

on the gross rental or gross rental proceeds derived from furnishing transient accommodations."

SECTION 2. Senate Bill No. 1194, S.D. 2, H.D. 1, is amended by deleting Section 2.

SECTION 3. Senate Bill No. 1194, S.D. 2, H.D. 1, is amended by renumbering Sections 3, 4, 5, and 6, as Sections 2, 3, 4, and 5, respectively."

Representative Say moved that Floor Amendment No. 20 be adopted, seconded by Representative Ito.

Representative Say rose to speak in support of the proposed Floor Amendment, stating:

"Mr. Speaker and Members of the House, let me give you a brief history of how the Transient Accommodations Tax was created. It was first created in the early 80's by a Representative on Oahu from Kapahulu, which was Representative Ken Kiyabu. The TAT, as we call it as the Transient Accommodations Tax, was a tax on hotels in exchange of having the counties giving up the state's grants-in-aid, historically.

"I'm proud to say that the formula developed for the four counties and our tourism agencies was developed by our Speaker today, and that dealt with the percentages of how much went to each of the four counties along with the Hawaii Tourism Authority, the Convention Center Authority and other appropriations that were requested by the Legislature.

"The Floor Amendment before this Body is to ensure that the Transient Accommodations Tax fund be maintained for the respective four counties and the tourism agencies. I've asked that we consider lifting the cap as far as the ceiling for the counties, the Hawaii Tourism Authority and others. Why I am asking you to consider it is primarily if we could give more back to our four counties where they need the resources.

"I truly hope that this Body will be supporting their constituencies by supporting the services that our friends and families in the districts that we represent will have the restoration of our bus routes, maybe the lowering of our sewage fees, maybe trying to find the resources for our city parks in addressing our pools, where we have today individuals who are buying the heaters for our respective city and county park pools. Supporting our law enforcement, SHOPO, and also our firefighters and our emergency medical services groups that I think we all depend on.

"Mr. Speaker, I've always been a strong advocate for the tourism industry, and the comments being made this morning and this afternoon that I'm raising taxes on the TAT is incorrect. The present tax today is at 9.25%. Later I'll talk about the original draft of the bill, but it is at 9.25% with a sunset of 2015. Why can't we all from Oahu, Kauai, Maui and the Big Island support this particular Floor Amendment?

"For the great Representative from Kihei, I truly believe that this particular measure would help you in getting your infrastructure for the Kihei High School. For those on the Big Island in supporting Mayor Kenoi, and for those from Kauai supporting Mayor Carvalho, in their respective councils.

"So this measure basically maintains what we have today, which is the 9.25% Transient Accommodations Tax. Thank you very much."

Representative Luke rose to speak in opposition to the proposed Floor Amendment, stating:

"Mr. Speaker, in opposition. The Floor Amendment does nothing to lift the cap. The difference between the Floor Amendment and the original bill is a difference between 9.25%, which is proposed in the Floor Amendment, and the underlying bill is 7.25%. The Floor Amendment does nothing to lift the cap.

"Regardless of whether it's the Floor Amendment or the underlying bill, the appropriation to the counties will remain the same at \$93 million. The Senate's position at this point is 9.25%, and again for Conference purposes, if the position of both the House and the Senate is to remain at 9.25% on a permanent basis, I don't think that's the position that we want to take. Thank you."

Representative Oshiro rose to speak in support of the proposed Floor Amendment, stating:

"Mr. Speaker, I rise in support. Back in 2009 we were amidst the Great Recession. We had to look for ways of balancing the budget and at that point in time \$2.2 billion shortfall. So not only did we have to go and cut government services by 50%, allow for some reduction in force and really put constraints on our public workers, but we looked at different special funds, revolving funds, we looked at the different fees. We even looked at the personal income tax at that time.

"One of the key components that we used to balance and just basically keep the ship of state afloat and keep government services up and running and to honor our commitments to our constituents, was to look at raising the hotel room tax. Back then Senate President Donna Kim was the Chair of the Ways and Means Committee. So what we did was look at the six year financial plan back in 2009, and the state raised over 1% first year, 1% over the second year. So that is what we did. In 2009 it went up 1% from 7.25% to 8.25%. The next year it went up another percentage point to 9.25%.

"We did that throughout, just to balance. We set it so that it would expire in 2015. Not in 2013, not in 2014, but in 2015. If you recall back in 2009, there was such strong opposition from the hotel industry that the sky was falling, that the end of the world was nigh and that we would destroy and cripple hotel industry. The rhetoric was beyond belief.

"In fact it was so strong I think it even encouraged the Governor back then, Governor Lingle, to veto this bill. But back then we had the foresight to realize that it wasn't the end of the world, it wouldn't destroy our most important industry. Because people still would come and they would not be dissuaded. So that's why we raised it from 7.25% to 9.25%.

"I think our record is clear over the last several years, if you talk to Mike McCartney from the Hawaii Tourism Authority, you talk to any of those hoteliers down in Waikiki, that we've hit record number of visitors. Record number of expenditures and record head counts filling our hotels. Record seat counts filling the seats coming into Hawaii. So our current rate of 9.25% has not been a deterrent. People are coming and we're setting records of visitors visiting us.

"This bill right now prematurely wants to take it down from 9.25% to 7.25%. According to the Department of Taxation there's a fiscal consequence to this action. If it's effective July 1, 2013, which is what, three months out, four months out? \$78.9 million. Let's say \$80 million, 2014, \$85 million 2015. \$160 million.

"We talked earlier about collective bargaining contracts, we talked earlier about OPEB, we talked earlier about health fund liabilities, we talked earlier about all the bills and programs and services we want for our constituents. And here we are today looking at a bill that's going to cut the hotel room tax by two percentage points and give us close to a \$200 million budget *puka*. Yet we know we have contracts to honor with our teachers, with our public workers. We just talked about UPW 10. That's a current year emergency appropriation of \$8 million for salaries that they won in arbitration. We talked about another bill dealing with the EUTF contribution of 60/40. If we are to honor their contract, that's about \$4 million."

Representative Say rose to yield his time, and the Chair "so ordered."

Representative Oshiro continued, stating:

"Mr. Speaker, the teacher's contract, HSTA, four year contract, 3%, 3.2%, 3.2%, 3.2%. They got a 60/40 split, which might be 55/45. But anyway, the cost of that is an expenditure, \$43 million first year, Fiscal Year 14. \$73 million Fiscal Year 15. If we look at the assumption of 3% across the board for other collective bargaining units, 2, 3, 4, 6, 8, 13, about \$100 million. If we look at a 50/50 split going to 60/40 for other workers because they're going to want the same thing the teachers want, \$45 million.

"Just on this document here, I start to jot down these numbers, we don't balance, Mr. Speaker. We don't balance, even with the council giving us \$100 million more this year, we don't pencil out. So I don't think we can afford to reduce the hotel room tax right now from 9.25% to 7.25%.

"There's no pressing requirement for that. I haven't heard from anyone, not one of my constituents. Truth be told, I think if we were to settle this year at 9.25%, they'll be happy. They won't say it publicly to their shareholders, but they'll be pleased that we set it at 9.25%. We don't go up to 11.25% like the Governor wanted, we reject that proposal. But keep it at 9.25%, I think they'll be pleased.

"Otherwise, as you know Mr. Speaker, next year, 2014, we'll be looking at the sunset date of 2015, it'll be back at our doorstep. So that's why I support this Floor Amendment. Thank you."

Representative Jordan rose to speak in support of the proposed Floor Amendment, stating:

"Mr. Speaker, in strong support of the Floor Amendment. Currently we're at a time where the TAT is at 9.25% as you heard before us until 2015. And I don't hear people complaining. In fact, I hear 7, almost 8 million visitors coming and visiting us at this point in time.

"Mr. Speaker, when those visitors come and visit our islands and enjoy what we have here, I don't see them paying my impact fee such as I pay for my sewer system, although they use my sewer system. I don't see them paying for the additional water that they use, when I pay additional water fees.

"So when we look at this TAT, I look at that as helping to recoup what they impact upon our facilities and our services that we have here. And this is the only way we can recoup that. I don't think we should be setting it back to 7.25%, which is the original measure. The Floor Amendment keeps it at the 9.25% and actually removes that sunset date, which I think is great going forward. So therefore, I will be supporting this Floor Amendment at the 9.25%. Thank you, Mr. Speaker."

The motion that Floor Amendment No. 20, amending S.B. No. 1194, SD 2, HD 1, entitled: "A BILL FOR AN ACT RELATING TO TRANSIENT ACCOMMODATIONS TAX," be adopted, was put to vote by the Chair and upon a voice vote, failed to carry, with Representative Luke voting no, and with Representatives Cabanilla, Carroll, Choy and McKelvey being excused.

(Main Motion)

Representative Say rose to speak in opposition to the measure, stating:

"Mr. Speaker, I'd like to rise in opposition to the main motion that is before this body, which is lowering your 9.25% to 7.25% as of July 1st, 2013. For the Members of this Body who did not recognize how this particular measure occurred, it occurred with a six year financial plan. This measure was part of a six year financial plan, and if this House goes down the path of lowering the 9.25% to 7.25% I bet you all the Council on Revenues is going to revise our revenue projections. It's a loss of revenues that the Council will incorporate with the loss of the two percentage points.

"We are here as a responsible body, and today I'm very honored and privileged to share my *mana'o* with all of you. This is the only venue that I have to share what I've shared with all of you today. I don't get a chance to go to Finance, I don't get a chance to go to other subject committee hearings, but this is the arena that all of you and the people of the State of Hawaii and the district that I represent have given me this opportunity.

"I'm very proud of my actions today because it has educated all of the sophomores and freshmen who never did see the six year recession that we were in. Some call it the deepest recession or depression, but for those who were here this past four to six years, not one time did this Body enact a 1% General Excise Tax. Last year I'm very honored to have had 25 Members of this House sign a petition to the Tax Review Commission that the study that they had conducted was basically 'tax and spend.' Find ways to generate revenues, and it is through taxation.

"Last year walking the district it was very difficult for me because we're all one big family. The person up St. Louis Heights or the family up St. Louis Heights or Palolo Valley or Wilhelmina Rise, Maunalani Heights, goes through the same bills that we all pay. The sewage fees, our water fees, our property taxes which we discussed in caucus, pass it on to the Council. That is not my responsibility to pass it on, but to take it head on today.

"This particular measure will also show a sign of uncertainty, of question. Where is the Legislature heading? With the robust tourism

industry that is occurring and the comment this past spring about how we don't have enough hotel rooms in Waikiki. So that's great. Why? Now we can raise the hotel room rates on our visitors.

"Don't you folks feel that what we're doing today with this particular draft is corporate welfare? You're giving back 2%. If that's what you want, I respect your decision. But for the kid from Palolo, I'm not going to support this particular legislation because it really sends mixed messages to the community as a whole.

"So in closing, I'm just honored and privileged to share what I have to share with all of you. Loss of revenues to the General Fund, don't blame anyone but yourself. And there've been other measures where we took away revenues from the General Fund of \$48 million, which I can't make reference to because we're addressing the TAT. But it is a concern because people out there want certainty. They want to know where we are going in tax policies. They want to know we will shore up the other measure in regards to the big leakage on the solar that we just addressed today."

Representative Kawakami rose to yield his time, and the Chair "so ordered."

Representative Say continued, stating:

"Thank you very much, Representative Kawakami. These concerns have brought a lot of confusion out there. I don't have the answers, but I am concerned for all of the Members of this House as far as where we are going. So in closing, I may be the only one who voted no on this, and my tourist friends will not buy chopsticks, like how I used to gauge the tourist industry. But I can say this, at least here in this House, I tried. Thank you."

Representative Coffman rose in opposition to the measure and asked that the remarks of Representative Say be entered into the Journal as his own, and the Chair "so ordered." (By reference only.)

Representative Jordan rose to speak in opposition to the measure, stating:

"Mr. Speaker, in opposition. I will be voting no on this measure also since the Floor Amendment has not made it. I too cannot take a stance of reducing our Transient Accommodation Tax down to 7.25% when currently it is at 9.25% through 2015.

"A few weeks ago we passed some measures over to the Senate reducing tax tables. Now here we are reducing transient accommodation. We have no other measures to drive revenue for our budget. How are we going to explain to social services where we're going to get our money? I don't understand where we're going with this. This does not sunset until 2015. This is 2013, Mr. Speaker.

"To give the tourism industry a break? Give me a break. I will not stand for it. Increasing hotel rates for industries that are offshore industries, meaning mainland companies, now own our hotel industries. Now we're going to provide tax incentives to them while we suffer as residents here on infrastructure costs.

"I just came out of a meeting yesterday saying that we might not be able to develop anything more in Makaha because we don't have enough sewer and water infrastructure. No more homes, Mr. Speaker, no more commercial small mom and pop stores. That will keep it rural. So for these reasons, I will be voting no on this measure. I can't support this type of measure. Thank you, Mr. Speaker."

Representative Evans rose to speak in support of the measure, stating:

"Thank you, Mr. Speaker. I rise in support. Thank you. This is such a moving target because I remember when we decided to raise it to 9.25% and how we told the industry that this was not going to be forever and you've got to bear with us, we've got to hunker down, we all have to support each other, we have to do this to make ends meet.

"I look at it from a different perspective and that is, the cost of living is skyrocketing in Hawaii. Some of the local unions have negotiated with the



hoteliers and the wages have gone up. The cost of energy continues to go up, the infrastructure of the hotels is deteriorating and we have to have a very viable hotel product if we're going to attract people continually to Hawaii, which means we have to ask our hotel people to invest a lot of money and go out and borrow money.

"I want to believe that as this moves forward and it goes back to the Senate that there's wisdom with the Finance Chairs and the Tourism Chairs. Working with the tourism industry because we have to keep them whole. If this helps them. In the past I remember when I was here, 11 years ago when I first got here, it was the big push for a hotel renovation tax credit because we knew that the product was deteriorating and the industry said we've got to borrow money and you've got to help us because it's a huge investment. \$40 million, who knows down in Waikiki if you were to renovate the Hyatt how much it would cost. Can you help us with a tax credit? We said no.

"The result of 'no' in those days was them going out and changing our hotels to timeshares because it seemed that the banks were willing to lend money on the timeshare accommodations. It created more timeshares in Hawaii because they actually could sell the room a week at a time and they could show the bank what the cash flow was and the banks went, gee, this is great, we'll go for supporting timeshares. So there was this huge conversion of hotel rooms to timeshares. That would have been in '04-'05, I think.

"So that was because we were unwilling to do a tax credit, but times were tough. We felt that was a good call by the Legislature. I'm just thinking that there may be something we need to think about here and that is, this hotel industry, a lot of wear and tear, and I think we still want hotel rooms and this may be a way to really support them.

"So I disagree with the comment that this is corporate welfare or subsidizing the hotel industry. That somehow they'll raise the hotel rates. Well, I have a sneaky suspicion the cost of doing business in Hawaii, I can see it this year is going up, up, up and it's not stopping. So for that reason I support this measure moving forward to conference. Thank you."

Representative Har rose to speak in opposition to the measure, stating:

"Thank you, Mr. Speaker. In opposition very briefly, Mr. Speaker. When this Body raised the TAT back during the Great Recession, of course the hotel industry came out screaming and yelling. Tourism is our number one industry and so they were upset, saying this is going to hurt our industry.

"Yet here we are in the year 2013, our numbers are at an all time high. We have not been able to even keep up with the amount of rooms, we don't have enough rooms that are available at this point. So to continue to say that, oh this is somehow going to further hurt the hotel industry, is quite frankly unwarranted.

"More important, Mr. Speaker, I'd like to echo the comments of the speaker from Waianae. We have a population of over \$1.2 million people in the State of Hawaii. Yet every year we have over 8 million visitors to our great state. Those 8 million visitors should in fact be paying their fair share, and their fair share does go through a pass-through via the counties. So we can debate the cap that goes to the counties, but I still believe that at this point to do this is premature, because we did make a deal with the hotel industry.

"We said, okay in 2015 we'll go up to 9.25% but in 2015 it'll go back down to 7.25%. So why are we sunseting it early? What is the rationale? We still have time to wait, just to make sure. We haven't necessarily turned that corner yet with respect to the financial plan. So this seems fiscally imprudent to do this at this juncture. For those reasons, Mr. Speaker, I stand in opposition."

Representative Yamashita rose to speak in support of the measure with reservations, stating:

"Thank you very much, Mr. Speaker. With reservations. Thank you very much. My reservations are with the rate, dropping it to 7.25%. My support

is for the cap. I kind of support the cap, I think there are some tax structure issues that come with the cap, but I'll discuss that at another time.

"Let me discuss the rate. As far as our previous conversations as far as we talked about our bond rating and how the bond raters review us, there are certain things that they look at. They look at our reserves, they look at our commitment to fund reserves, they look at our commitment to have revenue, and they like certainty. They like commitment and certainty. By us moving this rate down, it creates some uncertainty going forward. So these things do have impact as far as bond rating. They will look at these issues and question it.

"I think we have to be careful when we set these kinds of policies going forward. It's kind of interesting, they don't really care how responsible you are as far as raising taxes. In fact, they want to know that you're willing to raise taxes. So I found that very interesting also. With that, Mr. Speaker, those are my reservations. Thank you."

Representative Brower rose to speak in support of the measure, stating:

"Thank you, Mr. Speaker. In support, maybe three quick points. Originally this was sold as a limited time deal by many in this room. A previous incarnation of this bill three weeks ago did have the TAT at 9.25%. I feel some House Members voted with their feet not to support that. The measure went to Finance and they chose a different number amount and we still don't know the outcome of this legislative session if that number amount will hold.

"Three, as far as, do tourists pay their fair share? Well they pay the TAT, they pay the GET, hotels pay property taxes, rental car companies pay vehicle taxes. I'm not aware of any tourist getting a free ride, I don't think they are. If there's other similar legislation we need to look at to bring things more balanced then I think we should do that in the future. Thank you."

Representative Souki rose to speak in support of the measure, stating:

"I speak in favor. Just a couple of items for the Members' understanding of the hotel industry. When you look at 9.25% it's more than that. It's 9.25% plus the excise tax which is about 4.16%. If it's in Honolulu it comes to about 13-some percent that the tourist pays. For Honolulu, if you go to neighbor islands or if you book a hotel over here to the west side you're going to be paying 4.5% plus 9.25%. So that's a heavy hit. Yes, we've been very lucky these last few years and just this past year that tourism is booming.

"But it's not booming because of so much of maybe what we're doing, but it could be because of the economic situation in the world. The Euro is in bad shape. Nobody wants to go to Mexico and in the winter months everybody is freezing in the United States because of this weather change and in Canada. So there's a lot of factors that affect them coming here. Of course we have the best weather in the world and they get plenty *aloha* that I can see over here for the business.

"So we reward this good work that the tourism industry, the hotels are doing by increasing their TAT. I think you reward somebody by giving them something, not increasing it. Yes, we needed the money then and I can understand that.

"Everybody is saying that we don't have a financial plan. Well our budget went over to the Senate, we made a \$600 million cut into the Governor's budget and we still had a balance approaching \$200 million. That's not so bad. I believe that now when we go work with the Senate we'll come out with a good financial plan also which we will be working on very shortly.

"But the last financial plan was a \$600 million dollar cut and approximately \$200 million to our balance. If anybody doesn't have a financial plan might be on the 5th floor, but not here. So with this and all I hope the Members understand the process and why these things are happening. Thank you very much."

Representative Jordan rose to respond, stating:

"Mr. Speaker, still in opposition. I'm still not getting this, Mr. Speaker. Because the committee prior to Finance, which was the Tourism Committee, deferred this measure and I thought it was gone. All of a sudden it was re-referred and brought back to Finance.

"So what that is telling me as a young sophomore, that's the position this House is taking. This House is telling me, 'Representative Jordan, we're going to decrease our Transient Accommodations Tax from 9.25% down to 7.25%.' I'm not comfortable with that, Mr. Speaker.

"Where are we going to get these revenues? Why are we as a House Body taking that sort of position? This was on a measure that was deferred and then re-referred to make sure it came back to say we have this stance going forward. I might be going out on a limb here but I come from a community that has high Title I, families living below poverty, and I'm going to give tourists a break? I can't, when legislators prior to me made that commitment through 2015 and 9.25%.

"Contrary to what Speaker has said, the tourists pay between us and them the 9.25%. We as residents don't pay the 9.25%. We still pay our 4.172%. So the only difference they're paying, and again I feel that's fair. They're visiting us, they're using our infrastructure, they're using our roads. I hear the pothole complaints, they don't. I sit in two hours of traffic, they enjoy the beach.

"So I don't see why we should be, as a body, looking at reducing it from 9.25%. Especially on how this measure has moved to where it is today on the Floor without any explanation. And I sit on Finance. So those are some of my major concerns for why I'm voting no. And it's rare I vote no on a defective date bill. Thank you, Mr. Speaker."

Representative Kawakami rose to speak in support of the measure with reservations, stating:

"Thank you, Mr. Speaker. In support with reservations. Thank you. I can see the rationale of keeping our promise to the visitor industry, but we also made a promise to the counties that we would lift that cap come 2015 and I notice that it's not there anymore.

"Now I've been criticized for being a tremendous supporter of the counties in the past, but coming from the County Council I realize the impact that the visitor industry has on the county's infrastructure. Every time a tourist drives their car it could be on a county road. When they flush the toilet, county water, county sewer. When they need to be rescued at the beaches, county lifeguards, county firefighters. When they need to be protected, county police department.

"The cost of doing business is going up in the private sector and public sector. So I would hope that as negotiations continue we take a look at that promise we made to the counties to lift that cap and take that into consideration. Thank you."

Representative Coffman rose to respond, stating:

"Thank you, Mr. Speaker. Still in opposition. What I find very interesting here is there's an absolute nexus between the TAT and services provided to our tourists. Many people have given testimony to that fact. If you take a look at the statute, TAT has gone up about every four years. It doesn't go back. The reason it doesn't go back is because our costs go up. So for us to drop back to a 2009 fee structure is like saying we're going to help subsidize the tourist industry. It doesn't make any sense.

"Another point I want to address, people have talked about a promise made to the hotel industry. Well when they came in and cried, I mean loud and clear, we did what we always do to a lot of bills that you feel a little uncomfortable, you put a sunset date in there. Well, we put a sunset in there. I've never believed there would be a problem. There is no problem, the sunset should go away. It's time to move on. Thank you, Mr. Speaker."

Representative Rhoads rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Ing rose to speak in support of the measure, stating:

"In support. I just want to clarify that this bill doesn't touch the percentage that goes to the counties and the cap remains. So on Maui it'll still be the 22.6% which equates to about \$17.5 million of TAT revenue and that's the budget they're working with. That's what the budget is going to be if this passes. And because the cap is still there and like our Representative from Wahiawa said, the numbers of tourists are increasing and the industry is doing great, then that revenue is going to come to the state and any loss of General Funds will quickly be reinstated."

Representative Kawakami rose to respond, stating:

"Second time, still in support with reservations. I'd just like to clarify to the freshman Representative from Maui that what I was pointing out, that as TAT revenues increase perhaps we would consider that the amount delivered to the counties shall perhaps increase as well. I fully understand that it doesn't touch the \$93 million going, but as we collect more maybe we should be delivering more. Thank you."

Representative Har rose to respond, stating:

"Mr. Speaker, still in opposition, just briefly. Mr. Speaker, I do want to touch upon some of the comments made by the speaker from Waianae. We have a process in this Body and that's called bill referrals. A bill goes to a subject matter committee to be vetted before that subject matter committee because that committee has certain purview over certain subject matters. This is a bill that deals directly with the Transient Accommodations Tax, and rightfully so it was referred to the Committee on Tourism as well as the Committee on Finance.

"The Committee on Tourism spoke loudly when the five committee members walked out, there was no quorum for this bill. So I'm confused that it was now, the message was given to leadership and yet the bill was re-referred. I'm just confused, where's the transparency? Has this bipartisan coalition taken transparency and thrown it to the wind? There was no harm if the bill had died, because in 2015 the 9.25% would have gone back down to 7.25%. So I don't really see what the harm was in doing this.

"With all due respect to the Speaker, I do appreciate his comments regarding tourism and how many factors have affected tourism, whether it's Mexico and the Euro and why our tourism has done so well. But the fact of the matter is this. Obviously the 9.25% hasn't negatively affected our tourism. For those reasons, I'm still in opposition. Thank you, Mr. Speaker."

Representative Luke rose to speak in support of the measure, stating:

"In support and I just wanted to clarify the referral process because a couple people brought it up. As far as my understanding is concerned, this bill was heard by the Tourism Committee. Because of fear that either the percentage would remain at 9.25% or be increased to 11.25%, the committee members walked off, resulting in no quorum.

"So in order to allow the wishes of the Tourism Committee, which is not to support an increase, we accommodated the Tourism Chair and Tourism Committee members to continue the discussion on this issue and lower the TAT. Thank you."

At this time, the Chair stated:

"Members, we've had a lot of discussion on the measure. I want to clarify something for the entire Body here. The intent of the measure, the referral pattern. We should be focusing on the merits of the bill. Again, is this measure good for the people of Hawaii or is this measure bad for the people of Hawaii? So I've given wide latitude to speak about the process, but really when the measure comes on the Floor, the focus is on the merits of the bill. If there's any further discussion we're going to focus only on the merits of the bill."

Representative Awana rose to speak in support of the measure, stating:

"Thank you, Mr. Speaker, in strong support. I'd just like to request that the words of the speaker from Maui as well as the Representative from

Waikiki be entered into the Journal as if they were my own. I'd also like to request for additional written comments."

Representative Awana's written remarks are as follows:

"Mr. Speaker, I rise in support. SB 1194, SD 2, HD 1 is a measure which tells our largest economy in Hawaii that we value the sacrifices that they have made for many years. The increase that the legislature had added through legislation provided support to many during difficult economic years. We had promised to repeal the TAT increase which was imposed in 2009. We said we would, Mr. Speaker. We kept our word and with the passage of this measure, we will. For these reasons, I rise in support. Thank you, Mr. Speaker."

Representative Ing rose, stating:

"Could you change my vote to reservations? I agree that at least maybe looking down the road we should think about lifting the cap too, just for fairness for the counties, but as of now I think it's important that we leave that cap there to help the state's General Fund in the meantime and at least be on track with the Council on Revenues."

Representative Fale rose to speak in support of the measure with reservations, stating:

"Mr. Speaker, in support with reservations. Mr. Speaker, this has been a very, very healthy discussion and I really appreciate the extra knowledge I've been able to acquire as a freshman in regards to this issue.

"A lot of the discussion of course, Mr. Speaker, is focusing around the amount of revenue that would be lost if this measure were to move forward. I do have concerns in regards to that, Mr. Speaker, but on a broader level I'm also concerned with, I would like to see more innovation in the ways that we are generating revenue.

"It was very unfortunate that the task force that we were moving forward in regards to poverty and economic opportunity didn't move forward on the Senate side, Mr. Speaker, because if we were to resolve a number of our poverty issues we would above and beyond solve the revenue issues that we would lose in regards to this measure if it were to move forward.

"So this measure isn't as innovative. I would like to see greater innovation, Mr. Speaker, in regards to the way we generate revenue in the State of Hawaii because I think, once again, we have issues that are systematic of a wider problem, Mr. Speaker."

At this time, Representative Tokioka called for the previous question.

The motion was put to vote by the Chair and carried, and S.B. No. 1194, SD 2, HD 1, entitled: "A BILL FOR AN ACT RELATING TO TRANSIENT ACCOMMODATIONS TAX," passed Third Reading by a vote of 43 ayes to 5 noes, with Representatives Coffman, Har, Jordan, Oshiro and Say voting no, and with Representatives Belatti, Cabanilla and McKelvey being excused.

At 5:40 o'clock p.m., the Chair noted that the following bill passed Third Reading:

S.B. No. 1194, SD 2, HD 1

#### ANNOUNCEMENTS

Vice Speaker Mizuno: "Members, please remember to submit to the Clerk the list of Senate Bills on the Consent Calendar for which you will be inserting written comments, in support or in opposition. This must be done by adjournment of today's Floor session."

Representative Evans: "Thank you, Mr. Speaker. Today is the 50th Anniversary of the Equal Pay Act, which was signed by President John F. Kennedy in 1963 and today is the day that a woman working the same job would reach the equal pay of a male person in that job.

"The Act made it illegal to pay men and women different wage rates for equal work on jobs that require equal skill, effort and responsibility, and are performed under similar working conditions. In 1963 American women earned on average 58.9 cents for every dollar earned by men.

"According to a 2012 study on the gender pay gap conducted by the American Association of University Women, Hawaii ranks 11th in the nation. On average in Hawaii a fulltime working woman earns 82% of what men make doing the same type of work.

"Equal pay is not simply a woman's issue, it's a family issue. Families increasingly rely on women's wages to make ends meet. In typical married households, women's income accounted for 36% of total family income in 2008, up from 29% in 1983.

"A large majority of mothers are in the paid labor force and about 1/3 of employed mothers are the sole breadwinners for their family. For the 34% of working mothers who are their family's sole breadwinner the gender pay gap can contribute to poor living conditions, poor nutrition and fewer opportunities for their children. For these women, closing the gender pay gap is much more than a point of pride, it is a matter of necessity.

"Remember the goal. For your sister, aunt, mother, classmate, colleague, neighbor, daughter. Equal pay for equal work. Please join the millions of women earning wages across America and across our state to continue the fight for equal pay."

Representative Cachola: "Mr. Speaker, I just want to let you know that today is the Day of Valor or in Tagalog, *Araw ng Kagitingan*. For the veterans who fought during World War II, Filipino descent and American soldiers fighting side by side. It happened today at 4:00 at Punchbowl, the Veterans National Memorial Cemetery of the Pacific. We cannot attend that even if we are invited because we are here doing our job as legislators.

"So I just want to give those who are celebrating and those who have organized this event a warm congratulations and I hope they have a very good and successful event at the National Memorial Cemetery. Thank you, Mr. Speaker."

#### COMMITTEE REASSIGNMENTS

The following measures were re-referred to committee by the Speaker:

<u>H.R.</u> <u>No.</u>	<u>Re-referred to:</u>
86, HD1	Committee on Veterans, Military, & International Affairs, & Culture and the Arts
<u>H.C.R.</u> <u>Nos.</u>	<u>Re-referred to:</u>
115, HD1	Committee on Veterans, Military, & International Affairs, & Culture and the Arts
184	Committee on Human Services, then to the Committee on Finance

#### ADJOURNMENT

At 5:44 o'clock p.m., on motion by Representative Awana, seconded by Representative Fukumoto and carried, the House of Representatives adjourned until 12:00 o'clock noon, Thursday, April 11, 2013. (Representatives Belatti, Cabanilla, Ito, McKelvey, Tokioka and Wooley were excused.)

**HOUSE COMMUNICATIONS**

"April 9, 2013

The Honorable Neil Abercrombie  
Governor of the State of Hawaii  
State Capitol  
Honolulu, Hawaii 96813

Dear Governor Abercrombie:

In accordance with the provisions of Article XVII, Section 3 of the Hawaii State Constitution, written notice is hereby given of the final form of the following Senate Bill, of which a copy is attached hereto:

S.B. No. 1084, S.D. 1, H.D. 1, entitled:

"PROPOSING AN AMENDMENT TO ARTICLE X, SECTION 1, OF THE HAWAII STATE CONSTITUTION TO PERMIT THE APPROPRIATION OF PUBLIC FUNDS FOR PRIVATE EARLY CHILDHOOD EDUCATION PROGRAMS."

Said measure passed Third Reading in the House of Representatives on this date.

Respectfully,  
/s/ Brian L. Takeshita  
BRIAN L. TAKESHITA  
Chief Clerk

Enclosures

CC: Carol Taniguchi, Clerk of the Senate  
Scott Nago, Chief Election Officer"

**27th LEGISLATURE  
JOINT HOUSE-SENATE  
2013 COMMITTEES ON CONFERENCE PROCEDURES**

The Senate and the House have agreed to the following special procedures for all 2013 Regular Session Committees on Conference. These Conference procedures shall be effective from 8:00 a.m. on April 15, 2013 until 12:00 midnight on April 26, 2013.

**1. Definitions**

For purposes of these procedures:

"Chairs" refers to all of the designated chairs and co-chairs of a Conference Committee.

"Conference Committee" refers to the conference of the House Committee and the Senate Committee assigned by their respective chamber to resolve the differences between the House and the Senate over a particular measure.

"Lead chair" refers to the chair of the House Committee or the Senate Committee who is listed first on the Action Sheets, as provided by the respective chamber.

"Lead committee staff" refers to the staff of the lead Chair from the chamber from which the measure in conference originated.

"Managers" refers to all members of the House and Senate assigned to a Conference Committee.

**2. Conference Committee Scope and Amendments**

The authority of the Conference Committee shall be limited to resolving differences between the Senate and House drafts of a measure. Accordingly:

- a. With the exception of the Executive Budget, the Judiciary Budget, and the Budget of the Office of Hawaiian Affairs, a Conference Committee shall not amend a measure by inserting any unrelated or new subject matter.
- b. To assure the integrity of individual measures, the merging of two or more distinct but related measures into one encompassing measure shall not be allowed.

**3. Conference Committee Meeting Times and Places**

Conference Committee deliberations shall take place only between the hours of 8:00 a.m. and 12:00 midnight.

A Conference Committee shall meet in the conference room assigned or reserved, pursuant to the Room Scheduling Procedures and Guidelines and Room Assignment Schedule, as attached.

**4. Initial Public-Meeting Notice**

The signatures of all chairs shall be obtained before the notice of an initial meeting is posted or distributed. Prior to offering the initial meeting notice for signatures, the chairs shall consult with one another on the information to be included in the notice. Lead chairs from both houses are encouraged to sign meeting notices first, before distributing them to other chairs to sign.

Chairs shall provide at least 24 hours public notice of the first meeting of the Conference Committee and are strongly encouraged to provide more than 24 hours notice if at all possible. Written notices shall be submitted to the Senate Chief Clerk and the House Sergeant-at-Arms for official postings on the Legislature's website and Capitol bulletin boards. The lead committee staff shall post the notice adjacent to the door of the assigned conference room at the time of the meeting.

**5. Notice of Subsequent Meetings**

- a. If agreement is not reached at a duly noticed meeting but the lead chairs of both chambers agree to meet again before midnight on the same day, the lead chairs of both chambers shall publicly announce at the meeting the time and place at which the Conference Committee will reconvene. Written notice of the reconvening of the Conference Committee on the same day is not required to be distributed. However, written notice containing information on the subsequent meeting shall be submitted to the Senate Chief Clerk and the House Sergeant-at-Arms for official posting as soon as possible. The lead committee staff shall post the notice adjacent to the door of the assigned conference room at the time of the meeting.
- b. If agreement is not reached at a duly noticed meeting but the lead chairs of both chambers agree to meet on another day, the lead chairs of both chambers shall publicly announce at the meeting the date(s), time(s), and place of the subsequent meeting(s), and submit written notice to the Senate Chief Clerk and the House Sergeant-at-Arms for official posting. The lead committee staff shall post the notice adjacent to the door of the assigned conference room at the time of the meeting.
- c. If agreement is not reached at a duly noticed meeting and the date(s), time(s), and place of future meetings are not publicly announced at that noticed meeting, chairs shall ensure that a written meeting notice, signed by the lead chairs of their respective chamber, is submitted to the Senate Chief Clerk and the House Sergeant-at-Arms for official posting at least 24 hours in advance of the next meeting of the Conference Committee.

**6. Attendance at Meetings**

- a. To convene the initial conference committee meeting only the lead House and Senate chair must be present. All other conference committee managers, especially any co-chair, should attempt to be present.
- b. Once a conference has been opened, reconvening of any subsequent meeting of a conference committee shall require the following:

For the Senate, the lead chair or co-chair must be present.

For the House, the lead chair must be present.

All other conference committee managers, especially any co-chair, should attempt to be present at the convening of and during each meeting.

- c. For decision-making at a meeting, a quorum must be present. "A quorum shall be a majority of the House Committee managers and a majority of the Senate Committee managers, and shall include the lead House and Senate chair and majority of the chairs of the Conference Committee for their respective chamber." See Section 9.a of the "Procedures." The lead House and Senate chair of the conference committee must be part of this quorum.
- d. For a measure with fiscal implications, approval must be given by the chair representing the House Finance Committee and Senate Ways and Means Committee during the decision-making on the measure.

**7. Conference Discussion**

Except as authorized by the respective chairs, only the respective chairs may speak during conference. All other managers or other authorized persons shall be recognized by their respective chairs before speaking on any issue.

**8. Decorum in Conference Committee Meetings and Courtesy to the Public and to the Managers**

- a. Managers shall respect the differing views of other managers and conduct themselves in a courteous manner.
- b. Chairs shall ensure that meetings convene and reconvene at scheduled times. If none of the chairs of one of the Committees are present within 15 minutes of the scheduled meeting time, the chairs of the other Committee shall have the names of the absent chairs paged through the State Capitol public address system.
- c. If none of the absent chairs are present within 30 minutes of the scheduled meeting time, the chairs present shall inform the managers and members of public present that the Conference Committee cannot be convened or reconvened, and that, pursuant to 5c of these Committees on Conference Procedures, a 24-hour advance notice shall be provided for a subsequent meeting of the Conference Committee.

**9. Decision-making Meeting**

The decision-making meeting of a Conference Committee shall comply with the following open meeting provisions:

- a. A quorum of the Conference Committee shall be present for the decision making meeting. A quorum shall be a majority of the House Committee managers and a majority of the Senate Committee managers, and shall include the lead House and Senate chair and majority of the chairs of the Conference Committee for their respective chamber.
- b. To report a measure out of Conference Committee in amended form, Conference Draft (CD), a majority of the quorum of managers for each respective chamber shall vote in favor of the proposed amendments.
- c. The lead chair (or the lead chair's designee) representing their respective chamber shall call the roll and be the recorder of the quorum and the votes on that measure for that chamber. (Sample attached)
- d. If, after naming a Conference Committee on a measure, the Conference Committee managers representing the chamber from which a measure originated agree to the amendments made by the non-originating chamber, only a quorum of those representing the originating chamber shall vote on the agreement at a duly noticed meeting. For example, if after naming a Conference Committee on a House measure, the House managers of the Conference Committee decide to agree to the amendments in the Senate draft (SD) of the measure, then only the House managers of the Conference Committee shall vote on the measure, returning it to the House in its SD form. For such action, only a quorum of the Conference Committee managers representing the chamber from which the measure originated need to be present. The "Record of Votes of a Conference Committee" sheet detailing the votes of the managers of the originating chamber shall be filed with the appropriate chamber without a Conference Committee Report.

**10. Conference Committee Reports**

- a. A majority of the House and Senate chairs, respectively, of a Conference Committee shall attest to the action of the Conference Committee by signing the Conference Committee Report on behalf of their respective managers; provided that no Conference Committee Report concerning a measure with fiscal implications shall be reported out of a Conference Committee without the signature of the chair (or the chair's designee) of each fiscal committee to which the measure is referred. The "Record of Votes of a Conference Committee" sheet detailing the votes of the managers of the Conference Committee shall be attached to the report as a part thereof.

- b. All House measures reported out of Conference Committee shall be filed with the House Chief Clerk, and likewise all Senate measures shall be filed with the Senate Chief Clerk. A document filed in the originating chamber shall be deemed simultaneously filed in the other chamber. Only the original Conference Committee Report, with the attached Record of Votes, and the Conference Draft of the measure shall be required for filing.
- c. If the Conference Committee votes to report the measure out, the Committee must file a Conference Committee Report and Conference Draft with the appropriate chamber's Chief Clerk.

**11. Decision-making Deadlines**

On the deadline nights for Final Decking of both non-fiscal and fiscal bills:

- a. Conference Committees shall conclude their negotiations by **6:00 p.m.** to allow adequate time for final preparation of the bills and Conference Committee Reports.
- b. To provide all chairs with ample opportunity to review and sign the Conference Committee Reports before filing, all Conference Committee Reports shall be available for review and signature by **9:00 p.m.**
- c. All Conference Committee Reports and Conference Drafts of measures shall be filed with the respective Chief Clerk by **11:30 p.m.**

**12. Electronic Transfer**

Should a Conference Committee for which the vehicle is a Senate bill decide to use a proposal drafted by the House, the House chair shall have the House proposal electronically transferred to the appropriate Senate office so that the Conference Draft can be prepared. The converse shall apply to House bills with proposals drafted by the Senate that the Conference Committee agrees to.

**13. Exceptions to these Deadlines and Procedures**

Exceptions to these deadlines and other procedures may be made only with the advance written approval of both the Senate President and the House Speaker.

/s/ Donna Mercado Kim  
Donna Mercado Kim  
President of the Senate

/s/ Joseph M. Souki  
Joseph M. Souki  
Speaker of the House of Representatives

4/6/13  
Date

4/5/13  
Date

Attachment

Hawaii State Legislature  
Record of Votes of a  
Conference Committee

158-10

Bill / Concurrent Resolution No.: <b>SB 2469, SD 2, HD 2</b>					Date/Time: 4/20/13 8:50p.m.						
<input checked="" type="checkbox"/> The recommendation of the House and Senate managers is to pass with amendments (CD).											
<input type="checkbox"/> The Committee is reconsidering its previous decision.											
<input type="checkbox"/> The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure					<input type="checkbox"/> The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.						
Senate Managers		A	WR	N	E	House Managers		A	WR	N	E
CHUN OAKLAND, Suzanne, Chr.		✓				MIZUNO, John M., Co-Chr.		✓			
IGE, David Y., Co-Chr.		✓				YAMANE, Ryan I., Co-Chr.		✓			
TANIGUCHI, Brian T., Co-Chr.		✓				OSHIRO, Marcus R., Co-Chr.		✓			
KIM, Donna Mercado, Co-Chr.		✓				JEE, Marilyn B.		✓			
IHARA, Les, Jr.				✓		SHIMABUKURO, Maile S.L.					✓
						WARD, Gene		✓			
TOTAL		4	0	0	1	TOTAL		5	0	0	1
A = Aye		WR = Aye with Reservations			N = Nay			E = Excused			
Senate Recommendation is:						House Recommendation is:					
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted						<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted					
Senate Lead Chair's or Designee's Signature: <i>Donna Mercado Kim</i>						House Lead Chair's or Designee's Signature: <i>Joseph M. Souki</i>					
Distribution: Original		Yellow		Pink		Goldenrod		Goldenrod		Goldenrod	
File with Conference Committee Report		House Clerk's Office		Senate Clerk's Office		Drafting Agency		Drafting Agency		Drafting Agency	

2013 Legislative Session House-Senate  
Conference Committee Room Scheduling  
Procedures and Guidelines

Effective beginning at 8:00 a.m. on April 15, 2013 through 12:00 midnight on April 26, 2013, the following scheduling procedures and guidelines shall apply for all House and Senate conference rooms.

Priority for use of the conference rooms will be given in the following order:

- 1st Priority: Standing Committee Bill Hearings
- 2nd Priority: Conference Committee Meetings
- 3rd Priority: Committee Hearings for Resolutions and Governor's Messages

Please note the following procedures and guidelines for the use of rooms for conference purposes:

1. If your committee is designated to use one of the House conference rooms (i.e., rooms 309, 312, 325, 329 or 423), please contact Rodney Haena of the House Sergeant-at-Arms office at 586-6104 to reserve the room.
2. If your committee is designated to use one of the Senate conference rooms (i.e., rooms 016, 224, 225 or 229), please contact Jayson Watts of the Senate Sergeant-at-Arms office at 586-6725.
3. Committees assigned to a specific conference room will be given first priority in using that particular room for conference committee meetings.
4. Committees may not "sublease" their assigned rooms for allotted times to another committee. All room assignments must be coordinated through and made by either the House Sergeant-at-Arms or Senate Sergeant-at-Arms.

5. For those committees that must share assigned conference rooms, it is strongly recommended that you meet as soon as possible with other committee chairs who are also assigned to that room to formulate a basic timetable for sharing the room.
6. In consideration of the other committee chairs, do not reserve a block of specific times unless a timetable has been agreed to.
7. If you have reserved a particular time slot that subsequently you will not be using, please notify either the House Sergeant-at-Arms or Senate Sergeant-at-Arms as soon as possible so that those room times can be assigned to someone else if needed.
8. If your conference committee needs to meet, but your assigned room is reserved or in use by one of the other committees also assigned to that room, please contact either the House Sergeant-at-Arms or Senate Sergeant-at-Arms to locate a vacant conference room for your temporary use.
9. Conference committees are encouraged to give as much advanced notice of meetings as possible. However, since things do get very hectic during conference, please be aware that any lower priority room requests may be "bumped" or reassigned with only a short notice. Hopefully, these inconveniences will be kept to a minimum.
10. Exception to these House-Senate Conference Committee Room Scheduling Procedures and Guidelines may only be made with the joint approval of President Donna Mercado Kim and Speaker Joseph M. Souki.

/s/ Donna Mercado Kim  
Donna Mercado Kim  
President of the Senate

/s/ Joseph M. Souki  
Joseph M. Souki  
Speaker of the House of Representatives

4/6/13  
Date

4/5/13  
Date

2013 Legislative Session  
House-Senate Conference Committee  
Room Assignment Schedule

Conference room assignment for the 2013 House-Senate Conference Committee Meetings are as follows:

Senate Committee(s)	House Committee(s)	Meeting Room
CPN	CPC	016
AGL, WTL	AGR, WAL	224
TIA, ENE	TRN, EEP	225
HTH, HMS	HLT, HUS	229
WAM	FIN, LMG	309
PSM, THA	PBS, TOU, OMH	312
JDL	JUD, LAB	325
EDU, HRE	EDN, HED	329
EGH, TEC	EDB, HSG, VMI	423

/s/ Donna Mercado Kim  
Donna Mercado Kim  
President of the Senate

/s/ Joseph M. Souki  
Joseph M. Souki  
Speaker of the House of Representatives

4/6/13  
Date

4/5/13  
Date

**"THE LEGISLATURE**

State of Hawaii

April 8, 2013

MEMORANDUM

TO: Sen. Donna Mercado Kim  
Senate President

Rep. Joseph M. Souki  
Speaker of the House

FROM: Sen. David Y. Ige /s/  
Chair, Senate Committee on Ways and Means

Rep. Sylvia Luke /s/  
Chair, House Committee on Finance

RE: Conference Committee on HB 200 HD1 SD1

Notwithstanding the provisions set forth in the "27<sup>th</sup> Legislature: Joint House-Senate 2013 Committees on Conference Procedures", signed by you on April 6, 2013, and April 5, 2013, respectively, we respectfully request your approval to establish and commence the Conference Committee on HB 200 HD1 SD1, the Executive Branch Biennium budget, no earlier than Wednesday, April 10, 2013.

Please be advised that other than the start date, all other Conference rules and procedures will be adhered to by the Conference Committee.

Please feel free to contact us at 586-6200 and 586-6230, respectively, should you have any questions or need more information regarding this request.

Aloha.

APPROVED BY: /s/Donna Mercado Kim  
Senate President

DATE: 4/8/13

APPROVED BY: /s/Joseph M. Souki  
Speaker of the House

DATE: 4/8/13

C: Senate Majority Leader  
House Majority Leader"