

**SCRep. No. 689 Finance on H. B. No. 1523**

The purpose of this bill, as amended herein, is to create a non-profit corporation for the construction and operation of a large optical telescope (together with its appurtenances) on Mauna Kea on the island of Hawaii, pursuant to a charter issued by the director of regulatory agencies to the Centre National de la Recherche Scientifique of France, the National Research Council of Canada, and the University of Hawaii, to be known as the France-Canada-Hawaii Telescope Corporation.

The stated object for which this corporation is organized is "to increase our knowledge and understanding of the universe by researching and studying the celestial bodies that surround the Earth." Toward this end, the three agencies have recently agreed to a Memorandum of Understanding, the substance of which is entirely summarized by your Committee on Higher Education in **Stand. Com. Rep. No. 459**. Hereat, in accordance with the legislative responsibilities of your Committee on Finance shall only be listed those items involving fiscal implications — costs and benefits, to wit:

1. The projected total capital cost was estimated on February 1, 1973, at 91 million francs;

2. The French and Canadian agents shall make available assets and sums necessary for the completion of the construction of the telescope, its basic instrumentation, its dome and associated buildings;

3. The University shall make available the land, roads and such ancillary services as may be agreed upon by the three agencies as being necessary for the operation of the project;

4. After completion of construction, the three agencies shall contribute annually funds up to the value of five million francs in the proportion of the French 42.5 per cent, the Canadians 42.5 per cent, and the University 15 per cent;

5. Before the end of the construction phase, some costs may be incurred, and these costs will be shared in the same proportions; however, in consideration of the other operating contributions made by the University, no contributions will be ex-

pected from the University before July 1, 1975;

6. In consideration of their respective contributions, the three agencies shall receive equitable interest in the Corporation as follows: France — 42.5 per cent, Canada — 42.5 per cent, University of Hawaii — 15 per cent;

Your Committee on Higher Education, as aforesaid, effected several amendments to the bill based upon recommendations from the attorney general's office, since which, the same deputy has discussed the amended bill with representatives of the agencies concerned, based upon which the following further amendments have been recommended:

1. Describe the project to be constructed not as an "observatory" (of which there is already one thereat situate), but as "a large optical telescope". This substitution is made at:

(a) Section 1, pg. 1, lines 2-3; where the word "operation" also replaces "maintenance" in conformity with the title and section 2, pg. 1, line 17.

(b) Section 2, pg. 1, line 18; where the word "large" is added preceding "optical telescope" which is followed by the phrase "and the laboratories, equipment and installation necessary for its operation . . . ."

(c) The title, which is amended to read: "A BILL FOR AN ACT RELATING TO THE ESTABLISHMENT OF A NON-PROFIT CORPORATION FOR THE CONSTRUCTION AND OPERATION OF A LARGE OPTICAL TELESCOPE ON MAUNA KEA."

2. Renumbering and alphabetizing of sections and subsections; capitalization; deletion of underscoring, brackets and bracketed material; and other technical changes as to style were made.

3. The effective date was changed to "upon approval" as enactment of the bill, which is merely enabling legislation, does not operate to bring into existence the corporation, which does not occur until the charter is granted as provided in section 2(a).

Your Committee on Finance is in accord with the intent and purpose of **H. B. No.**

**1523, H. D. 1**, as amended herein, and recommends that it pass third reading in the form attached hereto as **H. B. No. 1523, H. D. 2**.

Signed by all members of the Committee.

**SCRep. No. 690 Finance on H. B. No. 870**

The purpose of this bill is to permit the counties as well as the State to classify and assign positions to salary ranges SC-1, SC-2 and SC-3.

Presently, county positions, except for physician and psychiatrist positions, cannot be classified and assigned to these salary ranges, although the State positions are not subject to this restriction. By deleting subsection 77-13(f) (2), Hawaii Revised Statutes, this prohibition is removed.

Your Committee further amended this bill, as introduced and as amended by your Committee on Public Employment under **Stand. Com. Rep. No. 289**, in the following particulars:

(1) By removing the brackets from the whole of subsection (1) authorizing utilization of the subject salary ranges by the State and counties for physicians and psychiatrists. Deletion hereof also appears in the original bill, but this is doubtless a drafting error.

(2) Subsection (4) was heretofore amended by increasing the limit upon positions in the subject salary ranges from ten to fifteen, which was made expressly to apply to the State, and to allow each county not more than five positions so classified. Hereby, this addition was modified to provide for not more than eight such positions in any county with a population of 100,000 or more, and not more than four in counties with a lesser population.

(3) Again, where the reference to physicians and psychiatrists in subsection (4) was deleted, in this instance excluding their count from the prescribed limit, these provisions were restored (although the specified total "of ten" remains stricken).

(4) Each of the subsection numbers after (2), which was entirely deleted, are renumbered.

(5) The effective date of July 1, 1973,

was amended to "upon approval".

Your Committee believes that the distribution hereby made between the State and counties, and among the counties, of the numbers of positions which may be classified and assigned to salary ranges SC-1, SC-2 and SC-3 is equitable proportionate to size. Furthermore, whether exclusion of the medical and psychiatric positions in both subsections was inadvertent, as intimated, or by design, adequate concern has been expressed by the director of personnel services over the effect of their removal that their restoration is recommended.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 870, H. D. 1**, as amended herein, and recommends that it pass third reading in the form attached hereto as **H. B. No. 870, H. D. 2**.

Signed by all members of the Committee.

**SCRep. No. 691 Finance on H. B. No. 1802**

The purpose of this bill is to appropriate funds to provide for the continuation of the legal aid program.

Your Committee finds that because of uncertainty surrounding the availability of federal funds for the continuation of the Hawaii legal services project (HLSP) of the legal aid society of Hawaii through June 30, 1974, an appropriation is needed to maintain the program until federal funds arrive. The money, which is appropriated out of general revenues, and designated for expenditure by the office of the governor for the purpose hereof is, under the bill, as introduced, and as reported from your Committee on Judiciary under **Stand. Com. Rep. No. 1802**, in the sum of \$406,000 to maintain the program at current levels for the period April 1, 1973 to March 31, 1974. However, also it is provided in the bill that upon receipt of federal funds, the State shall be reimbursed any amount of the appropriation expended in excess of \$58,515, the State's approved matching share.

Your Committee received voluminous testimonies hereupon from a diversity of individuals, agencies and organizations, public and private, in unanimous support

hereof. Among those heard was the director of HLSP, who stated that this request for **advance** money pending receipt of federal funds is needed to allow HLSP to continue acceptance of new clients and forestall temporary closure of its statewide offices while **formal** funding approval has been delayed.

As part of the **national** legal services program, presently the Office of Economic Opportunity (OEO), HLSP is **not** included in the phasing-out of OEO and other local poverty program agencies; the President has requested appropriations for legal services at the same level as last year. Administration of the program will, meanwhile, be moved from national OEO to HEW, and then later to a new National Legal Services Corporation. HLSP has been "assured" by Senator Fong and Representative Mink that it will be refunded for the program year beginning April 1, 1973, and ending March 31, 1974.

**THE PROBLEM:** The refunding application for HLSP is described as a complicated document which requires time consuming administrative action at the regional and national offices of OEO. Because of personnel and procedural changes, formal approval has been delayed, and HLSP has had to borrow money to meet the April payroll. There is no "guarantee" that grant renewal will be for a full twelve months, and the immediate funding crisis will undoubtedly repeat itself; that is, at least one more time between now and July of 1974, HLSP will again be in a situation where federal money is approved in principle but not formally.

The April payroll loan was made from the Honolulu Community Action Program (HCAP) through OEO in the amount of some \$35,000. However, OEO is concerned that it cannot advance more money to HLSP above the approved matching share amount of \$58,515 without specific authority or an expression of legislative intent.

HLSP is satisfied that, for the present, funds adequate to provide three months (only) of operating time will carry it through the current crisis. Accordingly, their request has been adjusted downward from \$406,000 to \$105,000, and the bill has been commensurately amended to provide for the program's "immediate" continuation, while deleting the reference therein to the ensuing fiscal year.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 1802**, as amended herein, and recommends that it pass third reading in the form attached hereto as **H. B. No. 1802, H. D. 1.**

Signed by all members of the Committee.

**SCRep. No. 692** Finance on **H. B. No. 1876**

The purpose of this bill is to exempt appropriations made by (1) Act 68, Session Laws of Hawaii 1971, as amended by Act 202, Session Laws of Hawaii 1972; (2) Act 197, Session Laws of Hawaii 1971; and (3) Act 176, Session Laws of Hawaii 1972, for projects which qualify for federal-aid financing and reimbursement from the lapsing provisions contained in those Acts.

Act 201, SLH 1971, was enacted to lapse all prior capital improvements appropriations which were unexpended and unencumbered as of specified cut-off dates, with the intent that such released funds can be put to further use for other purposes.

In the legislative session which followed, Act 74 was enacted, amending the lapsing dates in Act 201, SLH 1971, and exempting capital improvement projects which qualify for federal-aid from the lapsing provision. The exemption of federal-aid projects from lapsing of funds took into cognizance the greater time span needed for full implementation of such projects and the adverse consequences which will result if matching local funds were lapsed after federal-aid commitments were made.

Capital improvement appropriation acts enacted during the 1971 and 1972 legislative sessions were Act 68, SLH 1971; Act 197, SLH 1971; Act 176, SLH 1972; and Act 202, SLH 1972. Lapsing provisions were provided in each of these acts, but they did not provide for exemption of federal-aid projects.

The Legislature has long-recognized that federal-aid projects for which funds have been appropriated must be expended in order to qualify for federal-aid financing and reimbursement; and that, therefore, the encumbrance and expenditure of these funds may require periods longer than the five-year lapsing period provided in existing appropriation bills enacted by the Sixth Legislature.

The purpose of this bill is to correct this oversight in the 1971 and 1972 appropriation acts by allowing federal-aid projects in those acts to be exempted from lapsing. This is in consonance with legislative intent expressed in Act 74, SLH 1972, which provided such exemption.

Because of the State's heavy involvement with federal-aid projects and your Committee's awareness of the severe impact which can result from the lapsing of state funds committed to such projects, which total some thirty in number and cover airports, harbors and highways, passage hereof is advised.

Minor technical amendments as to punctuation and style have been effected throughout.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 1876**, as amended herein, and recommends that it pass second reading in the form attached hereto as **H. B. No. 1876**, **H. D. 1**, and be placed on the calendar for third reading.

Signed by all members of the Committee.

**SCRep. No. 693 Judiciary on H. B. No. 230**

The purpose of this bill is to amend the Hawaii Occupational Safety and Health Law to bring it into conformity with standards expressed in the Federal Occupational Safety and Health Act.

Public Law 91-596, the Federal Occupational Safety and Health Act, prescribes standards on occupational safety and health that are applicable throughout the country. However, it allows a state to administer and enforce occupational safety and health standards under its own law if it is deemed as "as effective" as the federal law. Act 57, Session Laws of 1972, was enacted in an attempt to retain state authority in the area. The Office of the Assistant Secretary of Labor for Occupational Safety and Health has now reviewed Act 57 and has suggested several amendments to make it "as effective" as P. L. 91-596 and these suggestions are embodied in **H. B. No. 230**.

Section 1 of the bill amends the definition of "employee" to include any person who is "permitted or suffered" to work, as well

as any person who is "required or directed" to work.

Section 2 adds a provision to require periodic reports from the Department of Labor and Industrial Relations to the Secretary of Labor. It would also amend the enforcement provisions of the law to make it mandatory, rather than discretionary, for the director to issue orders to remedy unsafe working conditions. The enforcement section would be further amended to provide specific penalties for violations of the law or rules and regulations adopted pursuant thereto.

Section 3 makes the employer responsible for the safety of each of his employees. It also requires every employer to submit reports to the Secretary of Labor.

Section 4 adds a provision requiring the withholding of names of complainants and witnesses from employers, except in discharge or suspension cases where the names are obviously known to employers or where prior permission is given by the complainant or witness. It also deletes the requirement that the employer post a notice of nonaction received from the department of labor and industrial relations.

Section 5 sets mandatory penalties for violations of this chapter. It would also make each day a violation continues a separate violation and would add civil penalties for posting violations.

Section 6 establishes the right of employees or their representatives to participate in all hearings on appeal.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 230**, **H. D. 1** and recommends that it pass Third Reading.

Signed by all members of the Committee.

**SCRep. No. 694 Judiciary on H. B. No. 395**

The purpose of this bill is erase the discriminatory effect of the laws pertaining to revocation of wills.

Under the existing law, women are treated differently from men regarding revocation of wills upon marriage. The effected change to section 536-11 and the repeal of section 536-12 is intended to ob-



tain equality between the sexes by making the subsequent marriage automatically resolve previous wills for both types of spouses and to render the death of either spouse not to revive such previous will.

Your Committee notes that despite the good intention of the original form of the bill, it makes a fundamental error that goes to the heart of the matter. Accordingly, your Committee has corrected the original form of the bill to refer to "testator or testatrix" rather than referring only to the masculine "testator".

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 395**, as amended herein, and recommends that it pass Third Reading in the form attached hereto as **H. B. No. 395, H. D. 1**.

Signed by all members of the Committee.

**SCRep. No. 695 Judiciary on H. B. No. 2024**

The purpose of this bill is to amend and add to the licensing provisions for real estate brokers and salesmen to clarify those sections, raise the fee for such licenses, and to establish prerequisites for the written examination for both real estate salesmen and real estate brokers.

Your Committee received testimony from the Department of Regulatory Agencies and the Hawaii Board of Realtors in favor of the proposed legislation. All witnesses testifying favored the provisions of the bill to clarify the present licensing law and to establish clear-cut prerequisites to be followed prior to giving written examinations.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 2024** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. No. 696 Judiciary on H. B. No. 910**

The purpose of this bill is to obtain equitable treatment for the workman as related to attorney's services and fees in workmen's compensation cases.

Your Committee is cognizant of a very serious inequity that presently exists under the workmen's compensation law. First of all, the present schedule of compensation is now nearly ten years old, having been established in 1964. Aside from the intervening effects of inflation, an injured workman is required to live on two-thirds of what he had been earning, which is the extent of his maximum compensation. If the workman is hard pressed by such compensation to meet monthly mortgage obligations arranged in happier times, that becomes an additional burden of his injury.

It is from such compensation that the workman's attorney must seek out his fees, and it is under such circumstance that the Director of Labor and Industrial Relations and the Labor and Industrial Relations Appeal Board (respectively called "Director" and "Appeals Board") must gauge the approval of request for fees by claimant's attorneys.

On the other hand, attorneys for the employer are compensated on any arrangement agreeable to them and their clients. Under such circumstances, there have been instances under the existing law where the employer has sought to make the cost of the litigation prohibitive to the claimant's attorney, knowing that by requiring, under the guise of his right to be heard, extensive and numerous hearings and briefings, drawn-out delays, etc., the claimant's attorney will be forced, by the limits of the expected compensation award, to work at an extremely diminished rate of compensation.

Experience has shown, in the area of criminal defense of indigents, that fair, equal and effective representation is not obtained where the cost of such representation must rely wholly on the sense of altruism of the members of the bar. On the whole, the quality of representation is dependent on the amount of time and effort attorneys are willing and able to spend on each case. There is no wonder then that very few attorneys other than those who are connected with labor unions and thereby obtain more rewarding supplementary compensation, can afford to handle workmen's compensation cases in behalf of claimants. It is to this dismal chaos of inequity that this bill is addressed.

Your Committee is confident that the Director, Appeals Board and the Supreme

Court would dispense justice if adequately equipped to do so in this area of concern mindful of the purpose of the Workmen's Compensation Law. It is your Committee's view that assessment of reasonable attorney's fees against the employer should not be limited to cases on appeal, but should be assessed whenever the circumstances warrant. This contrast with the existing law which permits such assessment only upon appeal where the appeal is initiated by the employer, and only if the employer loses the appeal.

It is your Committee's view that need for equity in cases of appeal is not necessarily dependent upon which party initiates the appeal or which party is the victor. Certainly, on occasion the employee initiates appeals to challenge an inequity for which he finds vindication upon appeal. And the line between victory and defeat in workmen's compensation is not so clear cut as to prevent the occurrence of partial victories. This is not to say that the fact that an employer initiated the appeal in which he faced defeat, is not an important factor requiring the assessment of reasonable attorney's fees in most cases. Nonetheless, it is your Committee's view that the need to do equity in pursuit of the Workmen's Compensation Law must be addressed ultimately to the circumstances of each case.

Your Committee deleted section 3 which would amend section 386-94, Hawaii Revised Statutes. As to that portion of the original bill addressed to costs and fees of the employer in section 386-94, it is your Committee's view at this time that instead of requiring approval in those cases, permitting inquiry into all relevant factors, including review of attorney's fees paid by the employer, should be the first step. In the event that that should not suffice in practice to obtain equal and effective representation for the employee, the practice of requiring approval of attorneys fees paid by employees may be legislatively implemented at that time.

As to that portion of the original bill addressed to the lien imposed by section 386-94, your Committee has reinstated the provision of the existing law in view of the fact that approval of attorney's fees for the employer is not to be implemented at this time.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B.**

**No. 910**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 910, H. D. 1** and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. No. 697** Environmental Protection on **H. B. No. 114**

The purpose of this Bill is to insure proper state planning by providing for the collection of data with respect to persons leaving or entering the State.

In order to facilitate data gathering, the Bill provides that a form shall be prepared by the Department of Planning and Economic Development to be filled out by persons entering or leaving the State. The form is to be approved by the attorney general prior to use.

The just released Legislative Reference Bureau study by David R. Hood, Dean of the University of Hawaii Law School, and Bella Bell, entitled "In-migration as a Component of Hawaii Population Growth: Its Legal Implications," reports that in-migration represents 40 per cent of the total actual population increase experienced by Hawaii between 1960-1970. The study stresses the importance from the planning viewpoint of knowing not only how many people are moving into or out of the State, but why. At the present time, as the chief of the Statistics Branch for the Department of Planning and Economic Development testified, only incomplete and possibly inaccurate data are available from which conclusions can be drawn. Without knowledge of motivational factors, desirable strategies for controlling in-migration cannot be formulated or implemented.

Your Committee has amended **H. B. 114** so that administration of the migration count rests with the Department of Planning and Economic Development rather than with the Department of Health. Also the Bill no longer deals solely with in-migration but instead proposes a tally of all persons entering and leaving the State. The title has been changed to more accurately reflect the intent of the Bill. The State statistician testified that the problem of non-response has increased alarmingly since 1970 when reporting by airline passengers became voluntary.

The Bill also has been amended to provide that provisions for completion of the forms through the carriers transporting persons into or out of the State may be made. Heads of households may complete the form for all members of the household.

Your Committee believes that there is growing awareness and apprehension about the problems of uncontrolled population growth, and that the compiling of the data required by this Bill is crucial to proper planning.

Your Committee on Environmental Protection is in accord with the intent and purpose of **H. B. No. 114**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 114, H. D. 1** and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. No. 698 Finance on H. B. No. 1151**

The purpose of this bill is to appropriate general revenues to the state higher education loan fund for the student loan assistance program (Secs. 304-91 through -95), and to amend Sec. 304-93 by allowing expenditure from the fund for collection of repayments and requiring interest collected to revert to the fund. The sum hereby appropriated for expenditure by the university of Hawaii is \$500,000.

Your Committee is informed that since its establishment by Act 230, Session Laws of Hawaii 1969, under the SHELF program, approximately 2,700 loans have been awarded to nearly 2,000 individuals attending campuses in the university of Hawaii system by the end of the 1974 academic year. The number of these beneficiaries may change in accordance with tuition rates, whether it remains constant or increases. The total amount loaned or committed to date is approximately \$1,200,000 and the remaining balance is needed for the summer. Three separate appropriation measures for a total of \$1,250,000 have funded this program.

The fund has been of great assistance to a large number of students who could not qualify otherwise for any other kind of assistance. Many cannot qualify for the federally funded aid programs because their personal and family assets are above

the adjusted family means level set for Educational Opportunity Grants and National Defense Student Loans. The congressionally approved funds for these programs have not yet been released due to the intense conflict between Congress and the President over programs and funding in the area of student financial assistance. An estimated amount involving Manoa alone is about \$736,000, representing a reduction of federal funds for over 90% at current levels to about 18%. Furthermore, Congress has not yet approved funding for the replacement program — the Basic Opportunity Grant. If these programs are not funded, or if State funding is forestalled, students will be lost, doubtless some promising.

Moreover, if the Legislature is to accomplish its original intent of establishing a revolving loan fund capitalized and self-sustaining at \$5-6 million, additional funding must be continued. Current loan standards are based upon this intent, and that it will take about 14 years for the fund to stabilize, i.e., when repayments equal new loans. Your Committee on Higher Education reporting hereupon on **Stand. Com. Rep. No. 219** has depicted a capitalization table demonstrating the tapering off of new money needed after the fifth year (1975) and decreasing to zero at the close of the 14-year creation cycle.

At the present time, however, there is no appropriation infusing new money into the fund, and the total amount available to initiate new loans to students in the 1972-73 school year will be only \$35,000. With the average loan to a student being \$730, the allocated moneys can only cover 48 loans prospectively as opposed to 690 loans which have been granted for the previous year. An estimated 350 students currently under the aid of SHELF will lose this source of financial aid if additional funds are not appropriated. Your Committee hereby recommends the appropriation, therefore, leaving intact the figure therein contained for the needs and purpose expressed.

Furthermore, your Committee concurs with the provision to allow up to one per cent of the outstanding loan value for maintenance of a current loan repayment collection program, which it is estimated will make available \$10,000 based on loans (excluding commitments). Likewise, the provision that interest generated through

loans be credited to the SHELF account meets with our approval, as such revenues can be used to increase the loanable balance of the fund.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 1151** and recommends that it pass third reading.

Signed by all members of the Committee.

**SCRep. No. 699 Finance on H. B. No. 1490**

The purpose of this bill is to amend Chapters 11, 12, 15 and 16 of the Hawaii Revised Statutes, to classify all workers in an election as "precinct officials".

There presently exists little distinction in terms of performance required between an election inspector and an election clerk. They generally perform the same type of work following receipt of the same basic training. However, under our statutes, an election inspector is paid \$35 while an election clerk is paid \$30. As a result, animosity and friction is created.

In order to eliminate this classification, this bill proposes to consolidate inspectors and clerks into one category, "precinct officials". Your Committee on Judiciary from which this bill was referred under **Stand. Com. Rep. No. 445**, amended this section further to compromise the compensation to \$32.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 1490, H. D. 1**, and recommends that it pass third reading.

Signed by all members of the Committee.

**SCRep. No. 700 Finance on H. B. No. 1299**

The purpose of this bill is to make feasibility studies to determine potentially viable industries for the planning and development of Molokai. As amended hereby, the sum of \$200,000 is appropriated to the governor therefor.

Although not expressly provided, it is anticipated that the appropriation will be expended in consultation with the Molokai

Task Force created by the mayor of Maui, according to the Lt. Governor, one of its members.

The announced termination of pineapple operations on Molokai by Dole and Del Monte in 1975 poses a serious threat to the residents of the Island. It is estimated that the closing will affect approximately 700 people and 17,000 acres of land now in pineapple production. In addition, of the approximately 300 Hawaiian homestead families on Molokai, 162 will be directly affected by the pineapple phase-out, which will involve about 5,100 acres of farm lots.

The bill, as introduced, does not recite the problem but implicitly recognizes (a) the "serious economic situation", (b) potentially viable industries otherwise, and (c) the need for feasibility studies related thereto. Based upon Task Force recommendation, the bill has been amended hereby to:

1. State more specifically the reason for the threat to Molokai.

2. Give the broadest possible latitude in the explanation of the funds appropriated.

3. Recommend that the sum of \$200,000 be appropriated, either out of general revenues or the general obligation bond fund; and authorize issuance of the latter. This figure was derived in consultation with Maui County.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 1299**, as amended herein, and recommends that it pass third reading in the form attached hereto as **H. B. No. 1299, H. D. 1**.

Signed by all members of the Committee.

**SCRep. No. 701 Finance on H. B. No. 1194**

The purpose of this bill is to provide funding for planning and programs related to economic development of Kauai. As amended hereby, the sum appropriated to the governor therefor is \$4,100,000.

This somewhat general expression of purpose was more succinctly defined by your Committee on Water, Land Use and Development reporting hereupon in **Stand. Com. Rep. No. 265**, under which the bill was amended into its initial draft, as pro-

viding for "planning and programs to diversify the economic base of Kauai and identify alternative employment opportunities for its people." However, based upon testimony from the Lt. Governor, who is chairman of the Kauai Task Force, your Committee has modified the more particular purpose and amended the bill accordingly in accordance with his recommendations based upon the following:

On June 21, 1972, a State Agricultural Task Force was appointed to work on solutions to Kauai's pressing agricultural problems. This action was prompted by the announced closing of the last pineapple cannery in Kapaa which affected 168 full-time and intermittent workers. Unemployment on Kauai when the closing was announced was estimated at 850, or 6.2% of the civilian work force; and the addition of the pineapple workers was estimated to raise the then existing unemployment rate to 7.2%. Employment opportunities are limited on Kauai and the loss of jobs would have a serious effect on the economy.

The Kauai Task Force at its first meeting decided it would concern itself with Kauai's agricultural problems in the area from Lihue to and including Hanalei, taking in former pineapple and sugar lands. It also decided to assist other parts of Kauai if that would help resolve the problems. A report on its efforts entitled "Report and Recommendations to the Seventh Legislature" dated and distributed in February, 1973.

The Task Force's recommendations are based on preliminary estimates and address the following agricultural enterprises: Continued pineapple production, either on a modified, permanent basis or as long as necessary to assure the smooth transition to other new industries; animal feed grain and forage production for possible large-scale use of land; cannery operations for macadamia nuts, guava and passion fruits, as well as or in place of pineapple; and other diversified crops, such as, taro, vegetables and fruits. Under consideration are also nonagricultural possibilities.

This bill as heretofore amended, therefore, is similar to the administration bill suggested by the Kauai Task Force to provide flexible authorization for the governor to expend such sums as may be necessary to limit unemployment on Kauai by assisting in the economic development of the

island, pursuant to which it is hoped that the County of Kauai will participate in such assistance. There are technical differences in the bills which, according to the Lt. Governor are of "little consequence"; however, again based principally upon his recommendation as chairman of the Task Force, your Committee has made the substitution hereby.

As in the case of the bill as heretofore amended, the language of the bill as hereby further amended is broad enough to allow expenditure of either general revenues or general obligation bonds. Aside from the previously recognized variances as to "findings and declaration of necessity" expressed in section 1, other differences between the bills are as follows:

In section 2, the appropriation to the governor is reduced from \$350,000 to \$100,000, and is limited to carrying out the feasibility studies cited in section 1, references to research and experiments, planning workshops and conferences related to planning and economic development being deleted.

In section 3, the appropriation to the governor is increased by \$100,000 to \$3,500,000 for planning and economic development, and reference to recommendations by the department of planning and economic development is deleted, the governor, likewise, being empowered to institute such loan programs as he deems appropriate.

In section 4, the appropriation of \$850,000 to the department of land and natural resources for development of irrigation and water systems is reduced to \$500,000 and appropriated to the governor therefor.

In section 5, the authorization for issuance of general obligation bonds in the amount of \$4,600,000 is reduced to \$4,100,000.

Section 6 is new, providing that the authorizations in sections 2, 3, 4, and 5 shall lapse on June 30, 1974.

Sections 5 and 6, severability and effective date, respectively, are renumbered sections 7 and 8, respectively.

According to testimony, the Task Force inserted the lapsing provision of section



6 "so that we are accountable to the legislature. In other words, we intend to report to you next session and let you judge whether unexpended sums should be subject to an extended lapse date."

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 1194, H. D. 1**, as amended herein, and recommends that it pass third reading in the form attached hereto as **H. B. No. 1194, H. D. 2**.

Signed by all members of the Committee.

**SCRep. No. 702 Finance on H. B. No. 823**

The purpose of this bill, as introduced, is to provide out of the general revenues of the State of Hawaii the sum of \$337,676 to be added to \$58,000 currently in the University of Hawaii Manoa budget for the biennium 1973-75 for the continuation of the College Opportunity Program relating to a summer and first-year residential college program for the disadvantaged beyond the period ending June 30, 1973, to be expended by the University of Hawaii effective July 1, 1973.

As amended herein, your Committee has determined to continue the program annually, and as the appropriation is limited to the fiscal year 1973-74, the sum thereof has been proportionately reduced to \$168,838.

The College Opportunities Program (COP) which began in June, 1970 is presently financed by the United States Department of Housing and Urban Development through the Model Cities program whose funding ends on June 30, 1973. COP was designed as a demonstration project to provide a residential college experience for selected students from the Model Neighborhood Areas of the State of Hawaii who would normally be inadmissible to the University because of educational, economic, or cultural barriers.

A detailed and most-interesting description of this program and analysis of the cost/benefit functions is contained in **Stand. Com. Rep. No. 150** upon this bill from your Committee on Higher Education. Your Committee on Finance concurs therein, and to the extent that the contents thereof are not inconsistent with the amendment hereby effected, said report is incorporated

herein by reference.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 823**, as amended herein, and recommends that it pass third reading in the form attached hereto as **H. B. No. 823, H. D. 1**.

Signed by all members of the Committee.

**SCRep. No. 703 Finance on H. B. No. 1336**

The purpose of this bill is to amend the Workmen's Compensation Law by adding a new section which would:

1. Permit the adjustment of allowances for attendant services for totally disabled workers when the maximum allowable for such services is changed by law; and

2. Permit the adjustment of allowances for attendant services for totally disabled workers who are presently receiving less than the maximum allowable under section 386-23.

Section 386-23 presently allows the director of labor and industrial relations to award injured employees up to \$300 per month for procurement of the services of attendants where the services are constantly necessary. This provision was enacted in 1945 and from 1945 to 1955 the maximum allowed for the services was \$50 per month. Between 1955 and 1971 the maximum was \$150 per month. In 1971 the allowable amount was raised to the present maximum of \$300 per month. Prior to 1963 the liability for attendant services was assumed by the Workmen's Compensation Special Fund. Since 1963 this obligation has been placed upon employers and their insurance carriers.

There are presently 10 totally disabled claimants who have been found to require the services of attendants. Five of them are receiving \$50 per month pursuant to the effective maximum at the times of their injuries and four are receiving \$150 per month pursuant to the effective maximum on their injury dates.

This bill proposes to permit the director of labor and industrial relations to adjust the allowances for attendant services upon application of the claimants whenever the



statutory maximum is changed and to permit the director to adjust the allowances of those claimants who are now receiving less than the present maximum of \$300 per month. The adjustments would not be automatic but payable only upon application to the director and his finding that the adjustments are necessary for the procurement of adequate attendant services. The supplemental adjustments would be payable from the Workmen's Compensation Special Fund.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 1336** and recommends that it pass Third Reading.

Signed by all members of the Committee.

**SCRep. No. 704 Finance on H. B. No. 674**

The purpose of this bill is to provide for a state-chartered credit union enabling act so that Hawaii residents may organize credit unions under the sanction of the State.

Presently, credit unions in the State have all organized under the Federal Credit Union Act since there is no State enabling legislation permitting such organization. According to the Hawaii Credit Union League (HCUL), an association of 167 federal credit unions operating in Hawaii, which endorses this bill, there are some 229,151 members in these 167 federal credit unions, owning assets of \$280,706,056, total shares of \$248,550,443, and total loans outstanding of \$185,674,649. It has been estimated that in Hawaii alone, the aggregate of credit union accounts holds a current accumulated **surplus of over \$90 million**.

This disproportionately high level of "idle" funds in a market imminently imperiled by a housing shortage spurned, in part, by a sometimes purported absence of money for home loans cannot accord with the continual command for quarters, unless it is understood that federal credit unions are, by the very nature of their charters, precluded from participating in meaningful programs thereto related. State-chartered credit unions, on the other hand, may make loan commitments for periods exceeding 10 years (which federally-chartered credit unions cannot) and are inherently adaptable to expand their

services into this needed area of financing for members, many of whom, notwithstanding their credit union savings, or perhaps in spite of them, cannot qualify under the higher standards for bank mortgage loans.

Some safeguards inherent under a state system, prescribed or specified in the bill, include requirements that (1) funds are federally insured, and (2) no more than 30% of the outstanding shares and deposits of any credit union participating may be applied toward long term loans on residential real estate (exceeding 10 years, but not more than 30 years). (See Secs. -15(c), (d) and (e) in the bill).

After 36 years of operations under federal charters only, it is submitted by HCUL that establishment of a dual chartering system furnishes a beneficial option of selection as to type of charter best suited to the needs of each, whose members consist of individuals related by a "common bond", any seven or more of whom may subscribe for organization.

There are 44 other states which sanction state-chartered credit unions, the six not among those excluded including Alaska, Delaware, Hawaii, Nevada, South Dakota, Wyoming, and the District of Columbia. According to statistics published by the National Credit Union Administration, as of the close of 1971, there were 10,613 state-chartered credit unions in the United States as against 13,494 federally-chartered.

By this bill, as originally drafted, the director of regulatory agencies, who, under one of the amendments hereto, now administers the program as its commissioner, was opposed to its structuring, organizationally. The director, while electing to "proffer no comment on the substantive provisions of this bill," stated that because the bill created a separate "division" within the framework of the department, it "skews the present department structure considerably."

However, ensuing meetings by and between your Committee and the respective parties produced the draft into which this bill has been transformed, the amendments being mutually agreed upon, as follows:

1. On page 5, between lines 16 and 20, delete the content of Sec. -4(a) in its entirety and substitute therefor: "The director

of the department of regulatory agencies shall be the commissioner."

2. On page 4, between lines 16 to 17, Sec. -3(b) (5), delete the words: "Requiring the commissioner to submit any of his official actions to the board for its approval." and substitute therefor the words: "Making available the official actions of the commissioner for inspection by the board."

3. On page 4, line 18, Sec. -3(b) (6), between the words "necessary" and "procedural" add the words "recommendations as to".

4. On page 8, line 17, Sec. -6, delete the word "shall" and substitute therefor the word "may".

5. On page 12, line 3, Sec. -9, delete the word "special" and substitute therefor the word "general".

6. On page 13, after line 18, Sec. -11(1) (A), add the sentence: "Minimum requirements for the establishment of credit unions will be according to the rules and regulations promulgated by the commissioner."

7. On page 17, line 7, Sec. -12(f) (8), delete the words "trust companies".

8. On page 21, after line 22, Sec. -13(c) add the clause "(15) Submit reports of financial condition to the commissioner annually as of December 31 and other reports as required by the commissioner. These reports shall be submitted to the commissioner by January 31 after the close of the preceding calendar year."

9. On page 39, line 13, Sec. -25, delete the words "credit union division" and substitute therefor the words "department of regulatory agencies".

10. On page 66, line 5, Sec. -38, delete

the words "with the approval of the credit union review board".

In addition to the foregoing amendments to section 1 of the bill, section 2 was amended by adding thereto a specific appropriation out of general revenues in the sum of \$25,000 to carry out the purposes hereof, including the hiring of necessary staff; and further by designating the department of regulatory agencies for expenditure, provided (in effect) that any amount expended shall be reimbursed to the general fund from fees or other revenues realized by the commissioner on account of credit unions organized hereunder.

Initial funding projections were developed herefore by HCUL, reputedly in discussions with the department, totaling \$49,370. (See Exhibit #1 annexed). However, at the hearing hereof, it was conceded that a deputy commissioner (\$16,200) would not be essential, and deleting all of his equipment requirements and other related costs reduced the level recommended for funding at the \$25,000 figure.

Finally, because your Committee contemplates a complete inquiry during the interim, into the financial import of state-chartered credit unions upon other and related businesses (including savings and loan associations), the effective date hereof, in section 3 of the bill, has been retarded to July 1, 1974, previous to which still further amendments hereto, should they prove advisable, may be effected.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 674**, as amended herein, and recommends that it pass third reading in the form attached hereto as **H. B. No. 674, H. D. 1**.

Signed by all members of the Committee.

#### EXHIBIT #1

Initial funding projections for State-Chartered Credit Unions developed by Hawaii Credit Union League.

Deputy Commissioner (SR 31)	\$16,200
Examiner (SR 23)	12,000
Stenographer (SR 11)	<u>7,200</u>
Total Salaries	\$35,400
Plus Fringe Benefits, etc.	<u>8,850</u>
Total Salaries and Fringe Benefits, etc.	\$44,250

3 only Desks	\$ 900
3 only Swivel Chairs	240
6 only Side Arm Chairs	300
2 only 4 Drawer Filing Cabinets	200
2 only IBM Typewriters	1,000
2 only Adding Machines	400
Office Supplies	500
Postage & P. O. Box Rental	600
Telephone (2 phones)	480
Miscellaneous	500
Total Furniture and Office Expenses	<u>5,120</u>
Grand Total	\$49,370

**SCRep. No. 705 (Majority) Judiciary on  
H. B. No. 297**

The purpose of this bill, as amended, is to remove barriers to the treatment of venereal disease, pregnancy, substance abuse, and family planning in the immature individual.

As amended, this bill allows a minor between the age of fourteen to the age of majority to consent to the provision and performance of medical care and services which include diagnosis, examination, "prescription", and administration of medication and other items in the treatment of venereal diseases, pregnancy, substance abuse, and family planning services. However, it does not include surgery or any treatment to induce abortion, except to preserve the life of the pregnant minor or the unborn child. "Substance abuse" and "family planning" services are defined in this bill. In addition, it provides that such consent when given shall be valid and binding. Persons rendering such services to the minor need not inform the spouse, guardian, parent or custodian of the rendition of the services allowed under this chapter. It specifically provides that no hospital, clinic, physician, or dentist need render these services nor will they be held accountable for their refusal. A minor who consents to or requests the services provided for under this chapter shall assume the financial responsibility for the costs. Parents, agencies, or third party payers, whose consent has not been obtained or who have no knowledge of the consent by the minor will not be held accountable except in cases where, in the physician's judgment, the risk to the minor's life or health is of such a nature that medical treatment should be given without delay.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B.**

**No. 297, H. D. 1**, as amended herein, and recommends that it pass Third Reading in the form attached hereto as **H. B. No. 297, H. D. 2**.

Signed by all members of the Committee except Representative Wedemeyer.

Representative Fong did not concur.

**SCRep. No. 706 Judiciary on H. B. No. 131**

The purpose of this bill is to prohibit the rental of motor vehicles with incorrect odometers to consumers and to prohibit the tampering of odometers of such rented vehicles by consumers where the cost of hire is based on mileage.

The Director of the Office of Consumer Protection appeared before your Committee and related that in the past couple of years, his office has received numerous complaints registered against car rental agencies. One of the most prevalent complaints is that the proper mileage was not recorded and that there are corresponding overcharges. These complaints are generally lodged by tourists.

It is your Committee's belief that such practices should not be allowed to continue in that this measure will act as a deterrent to the continuance of such practices.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 131** and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Wedemeyer.

**SCRep. No. 707 Judiciary on H. B. No. 1798**

The purpose of this bill, as amended, is

to clearly set forth that, in instances where a specialty license is required for the installation of lawn, irrigation, fire or other sprinkler and irrigation systems, a duly licensed journeyman or master plumber may install such systems without the necessity of obtaining a specialty license therefor.

Presently, the law requires that persons engaging in specialized trades such as sprinkler and irrigation fitters must be licensed to engage in such trades. However, master plumbers and journeyman plumbers are more than qualified to do these types of jobs and should not be required to obtain a specialty license in order to do so.

Your Committee has amended the title of this bill to read as follows: "A BILL FOR AN ACT RELATING TO LICENSING OF SPRINKLER FITTERS."

Your Committee deleted entirely Section 1 of **H. B. No. 1798** as originally introduced and inserted in lieu thereof Section 444-7, Hawaii Revised Statutes, and has amended said section to effectuate the intent and purpose of this bill as amended.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 1798**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 1798, H. D. 1** and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Wedemeyer.

**SCRep. No. 708 Finance on H. B. No. 498**

The purpose of this bill, as heretofore amended, is to provide that the department of education shall, unless unjustified by current and projected enrollment, appoint at least one vice-principal in every school.

Sec. 297-31(e) (1) now allows the department under special circumstances, to appoint a vice-principal to a school which has less than 750 students, provided that appropriations are available. Testimony given your Committee indicates that the present formula of determining a vice-principal is unrealistic. Many of the innovative special programs such as mentally educable, 3 on 2 and learning disability have increased faculty workload. To cope

with these programs, administrators may need additional help to effectively manage them.

But, like your Committee on Education in **Stand. Com. Rep. No. 214**, we agree that it is unrealistic to mandate a vice-principal in every school. There are a number of schools whose current and projected enrollment is insufficient to justify a vice-principal. Accordingly, the bill was amended in the initial to permit the department to make exceptions to the compulsory feature of the bill. However, because the result is manifest as a negatively stated proposition (i.e., "unless . . . clearly unjustified"), and because enrollment is only one of several factors which may go into the appointment policy, your Committee, after due deliberation, has further amended the bill by deleting all of the added (under-scored) language on page 2, and amending the present statute by: (1) restoring the "750-1499" students classification, (2) substituting the word "shall" for "may" as to appointment under special circumstances where there are less than 750 students, and (3) deleting the requirement that appropriations be available, assuming "special circumstances", which we consider within the department's policies, exist.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 498, H. D. 1**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 498, H. D. 2**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Morioka.

**SCRep. No. 709 Finance on H. B. No. 464**

The purpose of this bill is to permit the use of fuel taxes for bikeways by the state and counties.

There are many individuals and government agencies who supported the purpose of the bill. Your Committee believes that bikeways should be included, together with highways and mass transit systems, in the planning of the state-wide transportation system, and your Committee is pleased that the officials charged with the responsibility of such planning are now recognizing the needs of all modes of transportation.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 464** and recommends that it pass Second Reading and that it be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. No. 710 Finance on H. B. No. 1635**

The purpose of this bill is to appropriate funds to provide for a research management study of the population of the green sea turtle in Hawaiian waters and to provide for preliminary feasibility studies which may lead to means of (1) halting or reversing their decline, and (2) raising turtles in captivity for food.

Your Committee on Parks, Fish and Game Management, and Water, Land Use and Development in **Stand. Com. Rep. Nos. 371 and 550**, respectively, have well set forth the problems and plight of the green sea turtle in their recommendations upon this bill. It can be concluded therefrom that the decline in their numbers is attributable to commercial exploitation, and it is apparent that the three-year moratorium against their taking or selling and the imposition of sanctions therefor, included as an amendment to the bill by the latter Committee, so that their supply can be determined, is really directed at inhibiting commercialism. While we are in agreement with the spirit of this measure on that basis, to the extent that the amendment also prohibits private taking for home use, we cannot concur (unless the research management study discloses that it is warranted). Thus, section 6 of the bill, as amended, has been deleted.

The sums appropriated to the department of land and natural resources are recommended for adjustment: The research management study in section 2, to \$25,000; the feasibility study for increasing population size in section 3, to \$5,000; while the feasibility study on raising turtles for food in section 4 remains intact.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 1635, H. D. 1**, as amended herein, and recommends that it pass third reading in the form attached hereto as **H. B. No. 1635, H. D. 2**.

Signed by all members of the Committee

except Representative Morioka.

**SCRep. 711**

Legislative Management informing the House that **Standing Committee Report Nos. 665 to 710, House Resolution Nos. 442 to 472, House Concurrent Resolution Nos. 107 to 116, and Standing Committee Report Nos. 712 to 723**, have been printed and distributed.

Signed by all members of the Committee.

**SCRep. 712 Judiciary on H. B. No. 220**

The purpose of this bill, as amended, is to reduce the period of time for judicial review of decisions and orders of the Hawaii Employment Relations Board in representation proceedings.

Section 377-5 of the Act presently permits a decision or order of the Hawaii Employment Relations Board in a representation proceeding to be appealed to the Circuit Court. This bill proposes to amend Section 377-5 by reducing time to appeal from ten days to five days. It still retains the right of parties to appeal to the Circuit Court in unfair labor practices cases.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 220**, as amended herein, and recommends that it pass Third Reading in the form attached hereto as **H. B. No. 220, H. D. 1**.

Signed by all members of the Committee.

**SCRep. 713 Water, Land Use and Development on H. R. No. 383**

The purpose of this resolution is to request a concerted cooperative effort of the City and the State and property owners in the Waahila Park area to prevent fire in that area.

The resolution notes that a brush fire on Wilhelmina Heights on February 10, 1973, destroyed two homes and damaged and threatened others. The resolution indicates the fire danger near Waahila Park because of an accumulation of inflammable materials in the park where grills and other cooking facilities are available for public use.

The resolution calls for a concerted co-operative effort of the Fire Chief of the City and County of Honolulu, the Division of State Parks of the Department of Land and Natural Resources and the property owners, with a report submitted to the 1974 Legislature.

Your Committee on Water, Land Use and Development concurs with the intent and purpose of **H. R. No. 383** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

**SCRep. 714** Water, Land Use and Development on **H. R. No. 384**

The purpose of this resolution is to request a study to determine if the water system on Molokai will be adequate to sustain diversified agriculture on a wide scale basis and to determine the water requirements of certain crops.

The resolution notes that diversified agriculture depends on an adequate supply of water and that on Molokai crops other than pineapple will have to be considered. The study would determine the water needs of sorghum, alfalfa, cucumber, Manoa lettuce, snap bean, tomatoes, passion fruit and sweet potatoes.

The study would be made by the Department of Land and Natural Resources with a report of findings and recommendations to be made prior to the 1974 Legislative Session.

Your Committee on Water, Land Use and Development concurs with the intent and purpose of **H. R. No. 384** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

**SCRep. 715** Water, Land Use and Development on **H. C. R. No. 105**

The purpose of this concurrent resolution is to request the Governor of Hawaii to establish an advisory committee on international business and trade.

The committee would be composed of businessmen and officials from the entire

State and would be serviced administratively by the Hawaii International Services Agency of the Department of Planning and Economic Development. The committee would provide guidance and direction on all matters pertaining to international business, tourism, foreign investments, trade and other related activities.

Your Committee on Water, Land Use and Development concurs with the intent and purpose of **H. C. R. No. 105** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

**SCRep. 716** Water, Land Use and Development on **H. R. No. 195**

The purpose of this resolution is to persuade government agencies and the community to retain Mikilua (Lualualei-Wai-anae) AG-2 zoning, and to preserve these and surrounding agricultural lands from further urban encroachment. This area is suitable for intensive agriculture.

Your Committee on Water, Land Use and Development concurs with the intent and purpose of **H. R. No. 195**, and recommends its adoption.

Signed by all members of the Committee.

**SCRep. 717** Parks, Fish and Game Management on **H. C. R. No. 102**

The purpose of this Concurrent Resolution is to request the Governor to seek an arrangement to lease certain lands owned by the United States Navy adjacent to West Loch, Pearl Harbor.

Your Committee recognizes the tremendous growth of population in the Pearl City-Waipahu area and the attendant need to increase the availability of recreational facilities to service such populations. We note that the waterfront lands of West Loch in Pearl Harbor would be particularly desirable to serve the people of Hawaii as a waterfront recreational area.

Your Committee on Parks, Fish and Game Management concurs with the intent and purpose of **H. C. R. No. 102** and recommends its adoption.



Signed by all members of the Committee except Representative Yamada.

**SCRep. 718 Judiciary on H. B. No. 1807**

The purpose of this bill is to set forth new license renewal procedures and requirements, including renewal by mail.

Your Committee heard and considered the testimony presented on this measure. The following amendment suggested by the Attorney General's Office is incorporated and reads as follows:

**"Sec. 286-107 License Renewals; procedures and requirements.** (a) The examiner of drivers may accept an application for a renewal of a driver's license made not more than six months prior to the date of expiration. If, however, within the twelve months period immediately preceding the expiration of the license for which a renewal application is made, the applicant for renewal has been convicted for violations of traffic laws for which the courts have imposed, under section 286-128, a total of six or more points, or if renewal is not applied for within ninety days after the expiration of the license, the applicant for renewal shall be treated as an applicant for a new license and examined as provided in section 286-108." The effect of this amendment is that if an applicant for renewal has six or more points during the twelve month period immediately preceding his license expiration date, or he fails to apply for renewal within 90 days after the expiration of the license, he shall be deemed an applicant for a new license and examined as provided under 286-108.

A unique feature of this bill allows a person to renew his license by mail whereas under present law he must appear personally for renewal of his license.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 1807, H. D. 1**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 1807, H. D. 2**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. 719 Judiciary on H. B. No. 1043**

The purpose of this bill is to authorize

the Real Estate Commission to register real estate schools and instructors of real estate schools.

The present law requires all applicants for a real estate broker or real estate salesman's license to complete a real estate course or its equivalent as established by the Real Estate Commission. To fully effectuate this law it is believed that the schools and its instructors should meet and maintain certain standards. The Commission has registered these instructors and schools and has by rules, promulgated standards required. However, the Commission feels that the requirement of schools and instructors be registered should be by legislative enactment. Likewise the fees for registration.

In order to put into effect the purpose this bill your Committee has amended this bill in the following manner. First, a fee schedule was established. Second, provisions have been made for the examination of a person requesting to be certificated and clearly indicating such examination to be given to a person when the commission, in its discretion, may feel necessary. Third, provision was made for lapses of a certificate of registration. Fourth, power given to the commission to promulgate rules and regulations to fully effectuate this section. Fifth, provision was made establishing deadline for certificate of registration renewal and restoration of such certificate if it lapses. Additionally your Committee has given the commission the power to enter into contract or contracts with qualified persons or firms to assist the commission in conducting review of applications and monitoring of schools.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 1043**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. 1043, H. D. 1** and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. 720 Judiciary on H. B. No. 605**

The purpose of this bill is to further implement the Legislature's intent as expressed in Act 105 S. L. 1970 in fulfilling the immediate needs of our community for decent low and moderate income housing.

The bill creates temporary emergency procedures to expeditiously initiate the necessary housing developments for the designated areas of need. In circumventing the existing bureaucratic process, it is intended that visible signs of relief in the existing housing crisis be seen in the very near future.

The bill furthermore designates that the governor be the expediting authority in developing these much-needed housing projects for the low and moderate income families.

The bill, as amended, is intended to provide temporary emergency measures. To this end the bill provides that the authority so prescribed shall terminate two years after the effective date of the Act.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 605, H. D. 1**, as amended herein, and recommends that it pass Third Reading in the form attached hereto as **H. B. No. 605, H. D. 2**.

Signed by all members of the Committee.

#### **SCRep. 721 Judiciary on H. B. No. 1087**

The purpose of this bill is to provide for the licensing of detoxification centers and the admission thereto on a voluntary basis and on certification by physicians.

Your Committee held a hearing on this bill and heard testimony from the Department of Health, The Mental Health Association of Hawaii, The Governor's Committee on Substance Abuse and The Salvation Army Detoxification Center. The testimony set forth by those testifying strongly urged favorable consideration of this bill.

This bill is an administration bill. Your Committee, after receiving the testimony, has made the following amendments:

(1) defined the term "licensed physician" to mean a "physician or surgeon";

(2) expanded the definition of "intoxicated person" to include those intoxicated from any drug that causes loss of reasonable self control; and

(3) provided that a person admitted to a

detoxification center who then asks to leave shall be told of the provisions of the law under which he is held and when he will be released.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 1087**, as amended herein, and recommends that it pass Third Reading in the form attached hereto as **H. B. No. 1087, H. D. 1**.

Signed by all members of the Committee.

#### **SCRep. 722 Judiciary on H. B. No. 1508**

The purpose of this bill is to obtain the registration of all newborn children with congenital defects so that appropriate course of action may be availed for their welfare.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 1508** and recommends that it pass Third Reading.

Signed by all members of the Committee.

#### **SCRep. 723 Judiciary on H. B. No. 82**

The purpose of this bill is to provide a comprehensive law regarding unclaimed property.

The present law provides that once unclaimed property escheats (when property reverts to the state, normally for want of someone competent to inherit) to the state, the right of the owner is foreclosed and title to the property passes to the state. This Act provides that the state takes custody and remains the custodian in perpetuity but, the owner's right is not cut off. The owner, under this Act, may at a later time present his claim to the state and recover his property. By this Act, unclaimed property held by banks, financial institutions, business organizations, life insurance companies, utilities, courts, public agencies, and the like are covered.

This Act further establishes procedures such as reporting of unclaimed property, the giving of notice to owners, payment into the custody of the state, and how the owner may present his claim.

Some of the advantages of this Act are

that it would serve to protect the interests of owners, relieve holders from annoyance, expense, and liability, precludes multiple liability, and gives the state the use of some funds of money that would otherwise, in effect, become a windfall to the holders.

Your Committee has made several amendments to this bill. In sections -12(a) and -17(b), the amendments require that publication be made in "a" newspaper of general circulation. On page 25, all reference to sections 634-41 and 634-48 (relating to interpleader) has been bracketed and appropriate language substituted therefor. Similarly, "pursuant to section 634-41" appearing at page 27, line 3, has been bracketed. This is done since the interpleader sections were repealed by Act 89, L. 1972, and interpleader is now covered by the rules of court.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 82, H. D. 1** and recommends that it pass Third Reading.

Signed by all members of the Committee.

**SCRep. No. 724 Public Employment on H. B. No. 438**

The purpose of this bill is to provide for bilateral participation in the biennial review of the general condition of the compensation schedules for public employees. This bill would provide that public employee organizations may attend these meetings with both voice and vote.

Your Committee on Public Employment is in accord with the intent and purpose of **H. B. No. 438, H. D. 1**, and recommends that it pass Third Reading.

Signed by all members of the Committee.

**SCRep. No. 725 Judiciary on H. B. No. 7**

The purpose of this bill is to impose harsher penalties on persons who intentionally or knowingly use dynamite or other explosive chemicals or substances in the commission of a crime.

This bill proposes to add to the present law that a person who intentionally or knowingly uses dynamite or other explosive chemicals or substances for the pur-

pose of (a) inflicting bodily injury upon a person, (b) terrifying or frightening any person, or (c) injuring, damaging or destroying any property shall be guilty of a class A felony punishable under the penal code to a maximum term of life imprisonment. Additionally, any person who has committed the offense of aggravated assault with explosives shall be deemed to be a "dangerous person" without psychiatric examination and may be sentenced to an extended term of imprisonment.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 7** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. No. 726 Judiciary on H. B. No. 59**

The purpose of this bill is to amend the laws relating to the Hawaii Penal Code by correcting typographical, grammatical or other errors contained therein.

Your Committee has made the following amendments:

(1) Sections 701-114 and 701-115 have been amended for clarity. 701-114 relating to proof required has been amended to take into account section 701-115, defenses. Section 701-115 has been amended by substituting "any contrary prosecution evidence" for "a contrary prosecution evidence" since in an affirmative defense situation, the burden of proof required to be established by the defense is by a "preponderance of the evidence."

(2) Section 702-216 relating to reckless or negligent causation has been amended by deleting the phrase "intended or contemplated" in subsection (1) and substituted "probable" for the same phrase in subsection (2). The terms intended or contemplated connote an intentional act on the part of the accused which is inconsistent with "reckless" or "negligent" as defined in section 702-206.

(3) Section 702-220 has been amended so as to retain consistency throughout. No substantive change was made.

(4) Section 704-402 relating to the defense of physical or mental disease, dis-

order or defect, is amended to provide for an appropriate instruction to be made by the court to the jury on that issue when such defense is raised and request for instruction is made by the defendant.

(5) Section 704-404 relating to the examination of the defendant relative to his physical or mental condition is amended to change the mandatory "shall" to the discretionary "may" with reference to the court suspending all further proceedings when such a defense becomes an issue.

(6) Section 706-624 relating to the procedure for placing a person on probation is amended to apply the normal credit provision giving him credit for length of time he had been previously held in detention in the event he is subsequently imprisoned for violation of probation. As the maximum time that may be imposed for such violation is as long as six months, it is thought that the application of such credit would tend to do equity.

(7) Section 707-700 relating to the definition of "married" is amended to conform to the language of the proposed draft of the Hawaii Penal Code as submitted by the Judicial Circuit of Hawaii and recognizes the prevalence of many male and female couples living together although not legally married.

This amendment does not attempt to pass moral judgment one way or the other on the subject of marriage, but recognizing that such conditions do exist, merely expands the definition to recognize this fact.

(8) Subsection 708-800(a) relating to the definition of "building" is amended to include vehicles, watercraft, etc. only when the same is "used for lodging of persons."

(9) Sections 708-821 and 708-822 are amended only as to form.

(10) Section 710-1077 is amended to provide that in the case of criminal contempt, a judgment will not be subject to appeal but only subject to review upon an extraordinary writ.

(11) Section 711-1101 relating to disorderly conduct is amended to provide language more specific to the concept that "physical inconvenience" be involved or one likely to "provoke a violent response."

(12) Section 711-1106 relating to harassment is amended to delete subsection 711-1106(e) which is thought to be overly vague.

(13) Section 712-1212 relating to displaying of "indecent words" is repealed in its entirety.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 59**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 59, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

#### **SCRep. No. 727 Judiciary on H. B. No. 188**

The purpose of this bill is to prevent arbitrary cancellation or non-renewal of automobile insurance policies.

Present law requires only that an insurer must give 30 days notice of its intention not to renew. Renewal of a policy does not constitute a waiver with respect to grounds for cancellation which existed before the effective date of such renewal. Under these circumstances, an insurer may cancel a policy at any time without any reasons therefor.

This bill proposes to establish by law the procedures and circumstances which must exist before an automobile policy may be cancelled or not renewed by the insurer.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 188, H. D. 1** and recommends that it pass Third Reading.

Signed by all members of the Committee.

#### **SCRep. No. 728 (Majority) Judiciary on H. B. No. 50**

The purpose of this bill is to ensure to safety of people living and working in high-rise buildings by requiring certain fire safety standards.

Your Committee held a hearing on this measure and heard testimony from the Department of Regulatory Agencies, Amfac, Inc., the City and County of Honolulu, Honolulu Management Company, Inc., and

Building Owners and Managers Association of Hawaii. The views expressed were varied though they concurred with the intent of the bill.

After reviewing the testimony, and in order to carry out the intent of this bill, your Committee has amended this bill as follows:

(1) Reinserted section 2 amending subsection (a) of section 132-9.5. Further, the new paragraph (5) was amended to make clear that every owner of a building with more than five floors (above or below the ground) must provide an elevator for use by firemen which, in addition to the requirements of paragraphs (1) through (4) must also have a source of power independent of the "primary" source of power.

(2) Amended all of the proposed new sections to require that the automatic sprinkler system and communications systems must be installed in buildings with more than "five floors" above or below the ground. Firesprinkler systems, fire alarm and communication systems for highrise buildings "five floors or more in height" must be incorporated.

(3) Requires that the Fire Marshall shall promulgate the rules and regulations necessary for these various fire safety measures.

(4) Amended this bill so that the effective date shall be January 1, 1975 and that any owner of a building affected by the applicable provisions of this Act on which approval for construction has been granted, or on which construction has commenced, or on which construction has been completed, prior to the effective date must conform to the provisions of this Act by January 1, 1979.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 50, H. D. 1**, as amended herein, and recommends that it pass Third Reading in the form attached hereto as **H. B. No. 50, H. D. 2**.

Signed by all members of the Committee.

Representative Lee did not concur.

**SCRep. No. 729 Judiciary on H. B. No. 1851**

The purpose of this bill is to allow savings and loan associations to charge, contract for, receive, collect in advance interest, discount, and other charges at the same rates and in the same amounts as permitted by law in the case of loans made by industrial loan companies under chapter 408, Hawaii Revised Statutes.

Under present law, banks are permitted to charge, contract for, receive, and collect in advance interest, discount, and other charges at the same rates and in the same manner as industrial loan companies. This bill would place savings and loan associations in parity with banks in Hawaii as to engaging in industrial loan activities.

Your Committee has amended this bill to limit the extent to which savings and loan associations may engage in industrial loan business by requiring such loans be made only to home mortgage loans.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 1851**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 1851, H. D. 1** and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Kimura and Fong.

**SCRep. No. 730 Judiciary on H. B. No. 1850**

The purpose of this bill as amended is to allow state-chartered savings and loan associations to invest surplus funds in real estate mortgages outside of the State with the written consent of the bank examiner; provided, that the aggregate amount of such investments not exceed ten percent of the capital of the association.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 1850**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 1850, H. D. 1** and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. No. 731 Finance on S. B. No. 1283**

The purpose of this bill is to increase general fund revenues to correct the serious fiscal imbalance which currently exists in State government.

To accomplish the purpose of the bill, your Committee has amended S. B. No. 1283, S. D. 1, to provide for appropriate tax measures. In developing the bill, your Committee has considered all of the tax and revenue bills referred to it and has selectively incorporated those proposals which best serve the immediate purpose of closing the State's financial gap.

Your Committee emphasizes that this bill is but an interim measure designed primarily to correct the present fiscal condition of the State. While it is acknowledged that a comprehensive review of the entire tax system is in order and reforms should be developed from such review, a more permanent restructuring of the tax system must await more detailed examination. Your Committee recommends that such a detailed examination be given high legislative priority. In the meanwhile, your Committee has sought to take steps in the direction of correcting those tax situations which are manifestly inequitable, leaving to further study those reforms which should be adopted only after a careful assessment of all of their effects.

The findings and declaration of necessity which provide the basis and urgency of this bill are specified in section 1 of the bill. In summary, your Committee finds that:

1. A serious fiscal imbalance has developed in State government which, if not corrected, will affect the fiscal integrity of the State and the welfare of its people.

2. The fiscal imbalance has developed largely because of forces outside of the control of the State, not the least of which have been national economic policies.

3. There is little prospect for federal relief. In the contrary, federal budgetary policies portend a greater financial burden on State government.

4. The pressure on governmental expenditures will continue unabated. Even if there is no expansion of scope or increase in quality of public services, population changes and price increases alone will move State government expenditures to

higher levels.

5. Strict controls have been exercised by the executive in expending funds and by the legislature in setting budgetary levels, but these measures alone are insufficient to eliminate the expenditure-revenue gap.

6. The unwelcome conclusion is that tax revenues must be increased to prevent the State from drifting from a condition of fiscal imbalance to a condition of fiscal chaos.

7. The long-term approach to restoring the State to fiscal health should be not merely on raising revenues but on reforming the tax structure.

8. Considerations of equity among classes and among citizens in similar economic circumstances, the closing of tax loopholes, the relationship of state and county taxes to federal taxes, relieving the burden from those least able to pay, and promoting economic efficiency and economic growth are all factors which should guide approaches to tax reform.

#### A. Tax Revision Recommendations

Your Committee recommends the following tax revisions:

##### 1. Individual Income Tax

Your Committee recommends that several federal provisions contained in the Tax Reform Act of 1969 and other specific amendments made to the Internal Revenue Code be adopted to permit closer uniformity between federal and State tax laws.

##### 2. Corporate Income Tax

Your Committee recommends that the corporate income tax schedules be revised to yield \$1.8 million of additional revenues for the biennium. The two principal changes are (a) the tax rate on the first \$25,000 of a corporation's taxable income is increased from 5.85% to 6%, and (b) the tax rate on taxable income in excess of \$25,000 is increased from 6.435% to 7%.

Your Committee also recommends that the federal provisions affecting corporate income tax contained in the Tax Reform Act of 1969 and other specific amendments to the Internal Revenue Code be adopted.



### 3. General Excise Tax and Use Tax

Your Committee is aware of the overriding deficiency in depending on the general excise tax as a source of revenue. It is regressive in its effect on taxpayers and thus inconsistent with the criterion of equity. However, no increase in tax revenues of the magnitude necessary to correct the fiscal imbalance of the State can be accomplished without some reliance on the general excise tax.

Your Committee, therefore, sought a solution which would fulfill two basic requirements: (a) that any increase in the general excise tax be eventually phased out, and (b) that the increase be minimal. The recommended tax revision fulfills these two requirements.

Your Committee recommends that the general excise tax rate be temporarily increased from 4% to 4-1/2% from July 1, 1973 through June 30, 1975. Your Committee further recommends that on or after July 1, 1975, the excise tax be restored to its present 4% level. This action would increase revenue by about \$42.7 million for the 1973-75 biennium.

In keeping with the general uplifting of the excise tax, your Committee further recommends an increase in the use tax from 4% to 4-1/2% from July 1, 1973 through June 30, 1975, subject to the same roll-back provision. The increase in revenue is included in the \$42.7 million estimated above.

Your Committee also recommends the following selective revisions to the general excise tax:

- Increase tax rate on transient accommodations (hotel room rentals) from 4% to 10%. (\$30.8 million increase)
- Increase tax rate on liquor sales made for on the premise consumption from 4% to 6%. (\$2.5 million increase)
- Increase tax rate on prepared food from 4% to 6%. (\$10.0 million increase)

Your Committee, recognizing the need to maintain a viable pineapple industry as an important part of the State of Hawaii's economic and social base and recognizing the need to reduce the current competitive disadvantage of the pineapple industry in

domestic and foreign markets, further recommends that the sales of pineapple and pineapple products be exempted from the excise tax at the manufacturing, processing, and wholesaling levels and that all sales and the gross proceeds of all sales of tangible personal property having a life in excess of one year sold to a person engaging in or continuing in the business of cultivating, harvesting, processing, canning, or warehousing of pineapple or pineapple products for use in such business be exempted from general excise and use taxes for a period of five years beginning July 1, 1973 and ending June 30, 1978. These exemptions would reduce the State's revenues by approximately \$1.6 million for the 1973-75 biennium.

### 4. Public Service Companies and Banks and Other Financial Corporations

Public service companies are not affected by the general excise tax recommendations made in item 3 and banks and other financial corporations are not affected by the corporate and general excise tax recommendations made in items 2 and 3 above. To maintain parity with the excise and business tax recommended for other comparable businesses, your Committee recommends the following:

- Increase tax on airlines, motor carriers, and contract carriers from 4% to 4-1/2% effective January 1, 1974 to 1975 and back to 4% effective January 1, 1976. (\$9 million for the 1973-75 biennium in additional revenues)
- Increase the franchise tax rate from the present 11.7% to 13%. (\$9 million for the 1973-75 biennium in additional revenues)

### 5. Fuel Tax and Highway Fund

The department of transportation's six-year program plans indicate an operating deficit of \$38.5 million in the State Highway Fund for the next six years. Accordingly, your Committee recommends increasing the State fuel tax from 5 cents to 7-1/2 cents on liquid fuel and from 4 cents to 6-1/2 cents on diesel oil. The estimated additional revenue resulting from this change amounts to \$14.1 million for the biennium. This amount will accrue not to the general fund but to the State Highway Fund.

Your Committee also recommends the broadening of the use of the highway fund for the purpose of the department of transportation's integrated transportation system and the inter-departmental transportation control commission. The broadening of the use of the highway fund will facilitate the department's planning efforts for an integrated mass transportation system.

#### 6. Conveyance, Liquor, and Tobacco Taxes

Your Committee recommends that the conveyance tax rate be increased from 5 to 25 cents per \$100 of value. This will generate approximately \$6.9 million in additional revenues for the biennium.

Although Hawaii's liquor and tobacco taxes are comparatively high, your Committee is of the opinion that these are luxury items. Accordingly, your Committee

believes that its recommendation is in consonance with one of its primary criteria that a tax increase not be tied to the basic necessities of life. Your Committee is of the opinion, therefore, that there is sufficient reason to recommend (a) that the liquor tax on wholesale sales be increased from 20% to 22%, and (b) that the tobacco tax on wholesale sales be raised from 40% to 44%. Additional revenues from the proposed changes are estimated to be \$2.4 million and \$1.5 million, respectively, for the biennium.

#### B. Summary and Conclusion

A summary of the tax revenue changes resulting from your Committee's recommendations is shown in table 1. For the 1973-75 biennium, general fund tax revenues will increase by \$98.8 million. This is an amount which will allow the State

Table 1  
Summary of Tax Revenue Changes Under S. B. No. 1283, S. D. 1, H. D. 1

	Amount in Million \$		
	Fiscal Year 1973-74	Fiscal Year 1974-75	Total Biennium
<b>General fund</b>			
Corporate income taxes .....	\$ .9	\$ .9	\$ 1.8
General excise and use taxes			
General increase .....	19.9	22.8	42.7
Increase on specific items:			
Transient accommodations .....	14.0	16.8	30.8
Liquor consumed on premises .....	1.1	1.4	2.5
Food and beverage which are prepared and served ..	4.6	5.4	10.0
Less exemptions to pineapple industry .....	[.8]	[.8]	[1.6]
Total specific items .....	18.9	22.8	41.7
Total general excise and use taxes .....	38.8	45.6	84.4
Banks and other financial corporations .....	.4	.5	.9
Liquor tax .....	1.1	1.3	2.4
Tobacco tax .....	.7	.8	1.5
Public service company tax .....	.3	.6	.9
Conveyance tax .....	3.2	3.7	6.9
Total general fund taxes .....	45.4	53.4	98.8
<b>State highway fund</b>			
Fuel tax .....	6.6	7.5	14.1

to preserve its fiscal integrity and enable it to manage such deficit as may persist during the biennium. However, these changes in revenues alone cannot fully close the expenditure-revenue imbalance. They need to be complemented by continued strict executive controls over expenditures and legislative controls over budgetary levels. Your Committee expects such controls to continue.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1283, S. D. 1**, as amended herein, and recommends that it pass second reading in the form attached hereto as **S. B. No. 1283, S. D. 1, H. D. 1**, and be placed on the calendar for third reading.

Signed by all members of the Committee.

**SCRep. No. 732 Finance on S. B. No. 1295**

The purpose of this bill is to appropriate funds for government programs for the 1973-75 fiscal biennium.

#### **Background to the Budget**

In approaching the task of formulating the budget for the 1973-75 fiscal biennium, your Committee analyzed three major forces which affect how much and for what purposes public funds are to be used. The first is the present fiscal condition of the State. The deficit position of the State's general fund is not merely a casual deficit which can be eased over time. It is a serious fiscal imbalance which, if not corrected, could affect the State's fiscal integrity, including the State's credit standing in the national financial market. The condition virtually dictates a combination of actions to reduce governmental expenditures while raising revenues to a level which will enable the deficit to be managed.

The second factor is the rising level of government expenditures. The popular misconception is that government spending has increased because government has overindulged in the expansion of governmental services. While Hawaii has made real social and economic gains in the past decade, and has made them not without cost consequences, the primary forces which have driven governmental spending to higher levels are forces which are largely outside the control of the State: population

changes and the price level of goods and services purchased by government. At least two-thirds of the increases in government expenditures are attributable to these two factors. The policy implication of this condition is that of all the factors which converge in the process of setting government spending levels, improvements in scope and quality of programs constitute the only factor subject to policy choices. This means, in turn, that the legislature has effective control over only one-third of the factors which determine government spending levels.

The third factor which affected the formulation of the budget is the uncertainty of federal revenues. Rather than a balanced fiscal federalism, what appears to be around the corner is the implementation of federal budgetary policies which will cause massive shifts of financial burdens to State government. The curtailment of federal support for a variety of programs will be increasingly felt, and in a state where government services are predominantly the responsibility of state government, the legislature is placed in the predicament of having to determine which federal programs are now deserving of complete State support. It is evident that the State must resist the temptation of going after federal dollars when the known consequence is that the State must eventually carry the whole burden.

Given these three factors—a serious fiscal deficit position, the wage-price-population push to governmental spending, and the prospect of the State carrying the major financial burden of federal programs—the outcome is reasonably predictable. What has been developed by your Committee is a lean budget, arrived at through selective program decisions. Where programs do not seem to be accomplishing their objectives, they have been cut back; where there are uncertainties as to their effectiveness, they have been held to current levels in spite of pressures for expansion; and, in very limited circumstances, some new programs are authorized to proceed because of their vast benefit potential.

For selected major program areas, a summary of some of the more significant policy decisions, legislative concerns, and legislative intent follows.

**Lower Education**

During times of prosperity, the legislature had been able to accommodate a wide range of educational needs. Times have changed. Upon the recommendation of the department of education and the department of budget and finance, and after careful examination, your Committee reduced the Executive Budget in numerous areas. However, certain items have been added to the lower education budget because of their overriding importance. These include: program continuity for those children currently in the Hawaii English Program, continuation of the comprehensive alienation program, and provision for the expansion of certain aspects of the special education program. A discussion of your Committee's concerns relative to lower education follows.

**Hawaii English Program.** Your Committee has been faced with another major decision regarding the Hawaii English Program during the current session. The children who had been in the first state-wide installation at the K-1 level in 1970-71 will be entering the fourth and fifth grades in the next biennium. A study of extensive testimony received by your Committee indicates that interruption of program continuity for the 14,783 students involved would be disruptive and not in their best interests. The benefits of the extensive prior investment made in the program would be lost. Therefore your Committee recommends that \$1,289,713 be appropriated for FY 1974 and \$1,349,591 be appropriated for FY 1975 solely for the purpose of continuing HEP for those fourth and fifth graders who have had HEP during the current biennium. It is the intent of your Committee that any excess funds shall not be expended for horizontal expansion of HEP but shall revert to the general fund. In addition to the purchase of the various packages needed by the students, the funds are intended for in-service training and the salaries of 32 installation teachers which the department has stated are necessary for the smooth installation of HEP in the two new grade levels. It is the expectation of your Committee that the installation teachers will not be utilized as highly paid clerical staff to unpack, repack, label, and deliver HEP materials, as was the experience in the past. These installation teachers are expected to devote most of their time to professional tasks. Your Committee requests that

the department utilize non-professional staff to assist the installation teachers and suggests that perhaps the department's part-time student help could be assigned to these duties.

**Comprehensive Alienation Program.**

Problems with alienated students continue to exist in our schools. Your Committee is disturbed at the high rates of malicious destruction of school property which appear to be tied to the frustration of alienated students toward their experiences in school. The department is requested to address itself to the problems of malicious destruction from the general fund can be correspondingly decreased. Therefore, the student safety and student alienation, through the coordination of: (1) available county resources such as work study programs and law and justice awareness activities; (2) adequate planning for new facilities to ensure student safety and school security while maintaining esthetic and utility standards; and (3) expanding the instructional programs to meet the classroom needs of severely alienated students.

In particular, your Committee intends that the \$344,000 for the Comprehensive Alienation Program be utilized for: (1) a maximum of 16 positions and accompanying operational costs for any of the following types of positions: outreach counselor, campus counselor, campus or outreach aide, special motivation teacher, or crisis teacher; and/or (2) supplementing the work study and cultural-motivational components by providing for student enrollee costs and part-time advisorship costs. In addition, your Committee requests that the DOE report to the legislature 20 days prior to the 1974 session on (1) the method of allocation and the placement of the positions under this program, and (2) measures of effectiveness and levels of effectiveness achieved through the program established with these funds.

**Special Education.** The special education program is responsible for providing education and related services for students who are physically, mentally, and emotionally disabled. Your Committee has learned that the present special education program in the DOE is not providing these services to two broad groups of students: (1) those who have been identified as needing special education but for whom there is no room in present DOE classes, and (2) those potential special education students who

have yet to be screened and evaluated. In 1971, the legislature provided for additional teachers for the first group of students, but those funds were restricted by the executive as part of the freeze on State expenditures. Your Committee believes that the legislature must attempt again to provide for a greater number of exceptional children in view of our commitment to equal educational opportunity for all students. Therefore \$418,038 of the DOE's budget for each year of the biennium shall be allocated for the following expenditures:

Special education teachers and aides for 316 students on waiting list (16 teachers, 8 aides) .....	\$176,016
Special education teachers for trainable mentally retarded students to be transferred from private, subsidized classes to DOE classes (16) .....	117,344
4 diagnostic teams of 4 members each (16) .....	124,678
	<u>\$418,038</u>

With regard to the diagnostic teams, your Committee has been assured that these four new teams will focus on reevaluating those exceptional children currently in special education classes to determine whether they might be transferable into regular classes. The spaces they vacate could then be filled by children identified for special education classes who might not otherwise be able to enter DOE classes at all. The new diagnostic teams will also focus on the early identification of exceptional children, particularly those of pre-school and kindergarten age, in compliance with numerous directives made in the past for a more accurate identification of the target group for special education. Your Committee agrees that these are the areas which require immediate attention and reports from the DOE during the 1974 session on its expenditure of these special education funds.

**School Lunch Program.** Hawaii's school lunch program, besides being the only one in the nation which offers Type A lunch participation to all public school students of the State, also has one of the highest rates of participation in the nation. Our

88.2% of students consuming Type A lunches compared very favorably with the national average of 55.9% in 1969. The costs of operating this program have risen steadily while the 25 cent price of each student lunch, including a half pint of milk, has remained the same for 20 years. In this period of severe fiscal constraints, your Committee has concluded that the revenue from the sale of school lunches must be increased so that the contribution and forced entry into facilities, together with the interrelated problems of school lunch budget requires that the student lunch price be raised by 5 cents per lunch as recommended by the governor. At the same time, the DOE is reminded of the need to make the program of free and reduced price lunches more effective so that it reaches all of those students who cannot pay the full price of the Type A lunch. The department is also requested to monitor the free lunch program to assure the anonymity of students receiving free or reduced price lunches.

Your Committee is further recommending that the price of adult Type A lunches be increased from its present \$.50 per lunch to \$.75. Although the last raise for teacher lunches occurred in 1965, the present \$.50 charge still does not cover the cost of producing such lunches. The anticipated additional revenue from both sources is \$2.5 million for the biennium, and the general fund contribution to the school lunch program can be decreased by that amount.

**3 on 2 Program.** Since 1968, the 3 on 2 approach to individualized instruction, the placement of three professionals with two regular sized classes, has expanded to 585 teams on the K-3 level. During this period, however, some disturbing information has surfaced about this organizational arrangement. The most bothersome, to your Committee, has been the DOE's 1972 evaluation findings which showed that children in 3 on 2 classes do no better in reading skills than children in self-contained classes. Moreover, the department has not adequately spelled out how individualized instruction was to be implemented, and teachers were left to interpret the concept on their own. Hence, your Committee has found in some cases that the 3 on 2 arrangement was used merely to reduce the class size ratio by dividing the students among the three teachers and maintaining the integrity of each group. Also, shifts



and decreases in the K-3 population have resulted in some 3 on 2 classes operating below the department's minimum number of 52. Therefore, your Committee recommends the reduction of the number of 3 on 2 teams by 65 positions, to a new total of 520 teams. The department is expected to make these reductions, to the extent feasible, in those instances where the enrollment of the combined classes is already below the minimum number of 52 and to leave untouched those classes which are close to the maximum enrollment of 60. Your Committee is confident that those teachers who have experienced the favorable aspects of 3 on 2 will continue to apply their skills and their professional cooperation with each other in utilizing the large, flexible classrooms in which they may find themselves.

The legislature has also been concerned over another problem of long standing. Soon after the 3 on 2 program was instituted, the legislature requested that alternative approaches to implementing individualized instruction be studied by the department. One such alternative has been the modified 3 on 2, whereby the third person on the team is an educational assistant instead of a professional teacher. The department's one test of this alternative, using only 10 of the 65 educational assistants funded in 1969 for this purpose, was invalidated by the small sample. The department is now planning for an expanded rerun of the experiment but has testified that it will be able to utilize only 42 of the 65 educational assistants under the desired, rigorous test conditions. The department has recommended that 20 of the 65 educational assistant positions originally appropriated for the modified 3 on 2 experiment be deleted, and your Committee has accepted the department's recommendation. However, there can be no further delays and diversion of resources. A valid, modified 3 on 2 experiment must be conducted in the coming school year, and an evaluation report of the experiment should be transmitted to the legislature during the 1974 session.

**Financial Management.** Your Committee would like to repeat the concern expressed by previous legislatures that the DOE's accounting practices and internal control system remain inadequate. The legislature has yet to be assured that the department's multimillion dollar budget is being managed by legal and fiscally prudent policies,

procedures, and practices. Your Committee urges the department to establish an accounting system that will stand any test applied to it. The department is also requested to examine the rationale and procedure by which allocated funds are divided among the districts and thence among the schools. In reviewing the department's budget request, it was disturbing to note that the various program area budgets do not, in fact, reflect input from the school level.

Financial management should also support the pursuit of economy. The department of education, in spite of its position as the department with the largest portion of the State budget, has yet to capitalize on the cost savings opportunities inherent in bulk purchasing of equipment. "Missing the boat" in this area means not only that the amounts expended for the equipment are greater than they ought to be but that repair and maintenance costs are increased as well. The latter situation occurs when vendors hesitate to accept contracts for repair of equipment, knowing that the number of brands represented by the schools' equipment exceeds their inventory. Hence repairs must be secured on an individual basis, and the costs escalate. The department is urged to examine the possibility of bulk purchasing in this area, as it has already done in the area of certain school supplies and food items.

### Higher Education

Your Committee believes that the university of Hawaii system has been adequately funded to continue its growth and development throughout the state system of campuses. The pursuit of excellence sought in past years will be continued, in spite of present State fiscal constraints. Your Committee concurs with university policy in committing state funds to promote these guiding principles:

1. Open access to public higher education for all seeking admission to the university system.
2. Ample opportunities and varied options for all undergraduates, including those seeking vocational education.
3. Selective excellence in those graduate instructional and research programs which are natural and indigenous to the State of Hawaii.



4. Expansion of professional educational opportunities for State residents and promotion of community welfare through funding a four-year medical school and opening a law school.

The budgetary decisions made are also intended to promote the more efficient and economical use of university resources, especially on the Manoa campus, through judicious paring of the operating budget. Instructional faculty throughout the system will have more substantial contact with students, especially at the undergraduate level. Your Committee continues to believe that undergraduates are an important aspect of the university system. The allocations provide for slight increases for most campuses, while decreases are effected on the Manoa campus. The faculty on that campus, while devoting more time to instruction, will still have sufficient time for those research and public service functions which are essential if the university is to continue its current pursuit of excellence.

Besides trimming program budgets in line with the overall necessity to control State spending levels, some programs are being deleted entirely. This is what should be done when programs cease to be of high priority in terms of university or State needs. Your Committee hopes that the recommendations on phasing out certain programs will be exemplary actions for our legislative colleagues, the executive branch, and the university of Hawaii. The programs recommended for complete phase-out by FY 1974-75 are the land study bureau, the education research and development center, and the overseas career program. This would result in savings of \$96,575 in FY 1973-74 and \$322,341 in FY 1974-75 for the university budget. These will be phased out by June 30, 1974, in order to provide time to reassign staff and functions as appropriate during the next fiscal year. These actions should encourage the university and other State agencies to examine existing programs closely and reorder priorities in the future. This may preclude eliminating programs through legislative action.

#### **Social Problems**

Few programs affect the vital interests of specific individuals as do the programs of public welfare and assistance. These are programs which have a daily impact on the

needy and the impoverished in our society, and it has long been legislative policy that those who are truly in need are entitled to the assistance of the State. The budget which has been developed continues this long-standing legislative policy.

While your Committee continues to support programs designed to help those who cannot help themselves, it has been confronted by the trend of rapidly escalating public assistance costs against the paradox that the public welfare programs might not be accomplishing the objectives intended. Your Committee has analyzed these two issues and concludes that they need to be squarely faced.

The first requirement is to bring public assistance costs under some semblance of control. Toward this end, the budget which has been developed incorporates or requires the following:

#### **Implementation of the Flat Grant Plan.**

The department of social services and housing has developed, and originally had planned to implement in February, a flat grant plan. Basically, the plan provides for flat grant payments of financial assistance, which is a monthly standard of allowance for all items of financial aid. The proposed method is an attempt to provide a more equitable, less demeaning, and more efficient means of providing financial assistance to the needy.

Because of the acute problem of housing scarcity and the related problem of high rental costs, your Committee recognizes that immediate imposition of the full flat grant plan may cause hardship to some recipients. Therefore, it is directing the department to implement, initially, a partial flat grant plan which excludes assistance for rentals and to defer until January 1974 the implementation of the complete flat grant plan. In the interim, the department is expected to establish a housing relocation unit to assist recipients in finding lower cost housing where existing rentals exceed what would be provided for by the flat grant plan. Your Committee expects the department to submit to the 1974 legislature a preliminary evaluation of the flat grant program so that assessment can be made as to whether the program is accomplishing its objectives.

**Caseloads.** Public assistance caseloads have been adjusted downward. These

downward adjustments have been made in the light of more realistic and more current projections.

**Medical Assistance.** Savings in the Medicaid program are to be realized through improved management control, especially in the area of utilization reviews.

**Income Disregard Formula.** The original intent of the income disregard policy for general assistance recipients was to encourage employment and promote self-support. However, there is evidence that the policy has a perverse effect. A department of social services and housing study showed that a general assistance recipient must earn in excess of \$8,500 in order to be ineligible for assistance. Undoubtedly, a policy which has this type of effect enables some to remain on public assistance, whereas by any reasonable standard, they should not continue to be eligible. Your Committee finds that the income disregard policy has some merit but needs to be adjusted. Therefore, it is providing for a policy of disregarding the first \$15 of income and one-sixth of the balance. This is a reasonable adjustment to the prevailing policy of disregarding the first \$30 and one-third of the balance.

The net budgetary effect of the adjustments made by your Committee to the public assistance programs is that it provides for a lower expenditure level than the department has recommended. However, your Committee believes that the lower level of expenditures can still provide a level of assistance which will be adequate to meet the needs of the poor and the needy. Moreover, your Committee emphasizes that there are sufficient safeguards and special provisions in the bill to assure that, in the event of unexpected circumstances such as higher caseloads than currently anticipated, the needs of public assistance will continue to be met.

In addition to measures to manage the expenditure levels of public assistance, the second requirement is to meet those program issues which affect the accomplishment of program objectives. Among those issues are the following.

**Podiatric Services.** Podiatric services are not currently recognized as medical services under Hawaii's medical assistance program. Inasmuch as the federal government has expressed willingness to assist

in the funding of podiatric services, your Committee recommends that the department do all things necessary to include such services in the State's medical assistance program.

**Eligibility Reviews.** Federal regulations require periodic case reviews to assure that welfare recipients who are no longer eligible do not receive assistance payments. Because the department has not kept up with the eligibility reviews, the overdue review rate for each month is at 60 percent and, consequently, there is a high overpayment error. The department is now taking corrective action on a statewide basis, and funds have been provided for additional staffing to conduct eligibility reviews on a priority basis. However, it is the intent of your Committee that, if the overdue review rate is reduced to acceptable federal standards, funds for the additional staffing for FY 1974-75 shall not be allotted.

**Intermediate Care Facilities.** In its budget proposals, the department estimated that over \$30 million are needed for skilled nursing home care. In 1970, the audit of the medical assistance program highlighted the problem of overutilization of skilled nursing homes and the need for developing intermediate care facilities as a means to reduce the escalating costs of medical assistance. The problem of overutilization of skilled nursing care still persists. The department acknowledges that there is 50 percent overutilization of skilled nursing care today. This is a problem of such magnitude and of such vast cost implications that the State can no longer afford to delay in providing intermediate care facilities.

One problem is said to be the lack of new federal guidelines to develop and operate intermediate care facilities, which has had the effect of discouraging prospective developers. Another more immediate problem, and one entirely within the control of the State, is what can only be charitably called "foot-dragging." The department of social services and housing has requested the department of health to convert where possible State-owned long-term care facilities to provide for intermediate care. However, the department of health has not moved in this direction, claiming that providing patients with intermediate care would not reduce operating costs. This is an astonishing argument in view of all of

the studies and documentation which prove otherwise.

If intermediate care facilities were available and if 50 percent of skilled nursing home patients were transferred to lesser care facilities, there could be savings of \$4.05 million to the State over the next biennium. Cost saving opportunities of this magnitude cannot be lightly dismissed. Your Committee urges that the department of social services and housing move swiftly to deal with such federal problems as might exist and proceed at once to develop and implement an intermediate care plan. Concurrently, the department of health is directed to support the implementation of intermediate care in State hospitals.

**Minimum Standard of Living.** Although there has been a three percent yearly adjustment to the "monthly standard of allowance" since 1965, the allowances to needy families to assure a minimum standard of living are based on recommendations of a study made in 1949. A reasonable expectation is that the department should update its standards for monetary payments rather than rely upon standards established nearly 25 years ago.

In 1970, the legislature recognized that it was necessary to arrive at a valid base as to what constitutes a minimum standard of living. It requested the department to conduct a study and to make necessary changes to assistance standards. To this date, no study has been conducted although the department acknowledges that one is badly needed. Immediate steps should be taken to formulate a minimum standard of living base so that both the department and the legislature can assess to what extent public assistance payments are meeting the program objective of providing all recipients with a minimum standard of living. Your Committee expects a report in the 1974 legislative session.

**Budget Formulation.** In formulating the budget, the department projected the caseload by applying a percentage based on previous years' experience on the assumption that the same trend will continue. The department does not test or analyze the projections against the actual number of eligibles or evaluate the difference of the past years' projections with actual experience. Your Committee expects corrective action to be taken in more accurately defining the eligible population and the pri-

orities of the target population to be served.

**1972 Social Security Amendments.** On January 1, 1974, there will be a financial assistance program for the aged, blind and disabled, fully administered by the federal government. It will provide cash payments of \$130 for individuals and \$195 for eligible couples. The State may supplement federal payments in any amount, but the law provides no federal financial participation for State financial supplements.

However, a savings clause is included in the law whereby the federal government will assume all of the State's costs of supplemental payments which exceed the amount the State paid in calendar year 1972. This savings clause will apply only if the State elects to supplement federal payments. The savings clause will also cover that portion of the State's contribution of food stamps, which will not be available after January 1, 1974 to this group of recipients. The amendments also affect the medical assistance program of the State, as these individuals will continue to be eligible for Medicaid.

Despite the obvious financial implications and cost saving opportunities, the department has yet to develop a detailed State plan to implement the 1972 law. The department stated that, since federal regulations have not been received, the department is unable to make an accurate cost analysis and recommendation to the legislature. The delay in the issuance of federal regulations should not have the force of stifling State planning. There is already sufficient basis in the law to develop an implementation plan.

More aggressive action on the part of the department is needed, for the consequences of not acting swiftly are serious. Unless the department is ready to implement the new amendments by January 1, 1974, there will be economic loss of federal subsidies to recipients. Time is of the essence, and to avoid a financial disaster confronting the aged, blind, and disabled, the department must develop a plan of action. Your Committee requests that the department treat this matter with the greatest urgency.

**Toward Welfare Reform.** Even if the welfare problem is partially resolved through the implementation of an equitable flat grant system, the lack of low-income

rental housing will continue to be acute, and the demand for adequate housing for eligible welfare recipients will escalate housing costs. This cries out for a definitive action program to purchase existing housing for affected welfare recipients along with the development of appropriate housing financing and production subsidy schemes to be developed by the State. With the current freeze on federal housing and community development monies, the State has to take the lead in developing appropriate methods for solving this dilemma.

Tackling the problems of social services and housing facing this legislature requires effective administrative structure and system of management. Clearly, the present structure and system of the department are either lacking in personnel resources or restricted in program authority to undertake corrective actions. What is needed is an investigation of appropriate forms of administration and management at the department to deliver programs on a more effective basis. The experience of this current session demonstrates that the department cannot supply adequate information to this body with which it can assess public welfare program priorities and areas of change both currently and in the future. This matter should be further examined by the legislature with a view towards the enactment of genuine reforms in public assistance and the development of management systems which can implement the reforms efficiently.

**Summary.** In essence, there is an urgent need to examine the financial assistance program for the purpose of initiating welfare reform, not only to correct the program and administrative deficiencies in the current system but to formulate a new comprehensive welfare program which combines the State's commitment to those in need, a prudent plan to provide the needy with a minimum level of assistance, and efficient delivery to conserve public resources.

The financial assistance program must take on a new perspective rather than the current short-term, non-end-oriented means currently being employed by the department. A search for a new system is necessary, and your Committee expects the department to begin to formulate and analyze major program alternatives.

## Health

**Tuberculosis.** The department of health must deal with the problem of tuberculosis with renewed urgency. Tuberculosis remains a major public health problem in Hawaii. The new active case rate of 44.5 per 100,000 population in 1971 was the highest in the nation. Hawaii's alarming active case rate is said to be attributable to a steady influx of immigrants from areas of the world where the tuberculosis problem is even greater than Hawaii's. Your Committee recommends that the department of health intensify its effort of early screening and identification of tuberculosis cases, especially among immigrants. It should coordinate its efforts with the U.S. Public Health Service and the Immigration and Naturalization Service so that more effective screening can be accomplished. The department should also take steps to assure that the school tuberculosis testing program effectively covers those students from out-of-state entering Hawaii schools for the first time.

**Hospital Rates.** The department of health is currently implementing hospital rate increases which have been allowed by the Internal Revenue Service. The department of health itself has proposed that hospital fees and charges be raised to a level which will recover 90 percent of the full costs of hospital care, although the rates currently being implemented come nowhere near that level.

Your Committee expects the department to continue to monitor hospital rates, particularly in the context of how the rates affect federal reimbursement. It should be noted that the federal government (Medicare) is paying the hospitals at rates as high or higher than those for all other patients. These are not the customary terms for the federal government's purchases of goods and services. Rather, the federal government usually expects to pay less than or no more than the established fee. Given the current budgetary outlook, it is very possible that the Medicare program would revise its rules and procedures to eliminate retroactive upward cost adjustments. Federal reimbursement at less than full cost is already in the offing for the State Medicare program. If the State is not to leave itself vulnerable to adjustments in federal reimbursement, some planning in the direction of full cost pricing must take place beyond the next fiscal biennium.

### Other Programs

**Agriculture 810 (Food and Drugs, Test and Certification):** In order to comply with federal meat inspection requirements, your Committee has added nine positions to the program, including the three existing PEP positions and four existing part-time positions. The additional positions are included with the understanding that the State will continue to inspect all meat and poultry in lieu of federal inspection.

**Judiciary 201 (District Court, Pre-Trial Processing):** Two additional positions have been provided for the island of Oahu to help collect and process the large number of delinquent traffic citations. It is the intent of your Committee that these new positions are not used to clear the backlog but to prevent any additional backlog from accumulating.

**Judiciary 221 (District Court):** In order to maintain the current level services, it was necessary to add an additional position to Maui, Hawaii, and Kauai courts to provide bailiff services previously provided by the respective county police departments.

**Military and Civil Defense.** Your Committee requests the department of budget and finance to scrutinize the salary structure of the department of defense as well as to examine items budgeted for "other current expenses." It has been reported that such "other current expenses" include expenditures for special mess personnel for the headquarters detachment. It appears to be an anomaly that, while other State agencies (aside from schools) are not allowed special cafeteria workers, this particular organization should receive such treatment.

### Collective Bargaining Agreements

Your Committee has provided for the implementation of the various collective bargaining agreements received by the legislature. Included in the bill is a 5.5 percent wage increase effective September 1, 1972 for the appropriate bargaining units of the department of education.

### Budget Summaries

Summaries of the appropriations intended by your Committee are included in the tables attached to this report.

Your Committee on Finance is in ac-

cord with the intent and purpose of **S. B. No. 1295, S. D. 1**, as amended herein, and recommends that it pass second reading in the form attached hereto as **S. B. No. 1295, S. D. 1, H. D. 1**, and be placed on the calendar for third reading.

Signed by all members of the Committee.

### SCRep. No. 733 Judiciary on H. B. No. 656

The purpose of this bill is to amend Chapter 378, Hawaii Revised Statutes, by adding that employment discrimination based upon an individual's arrest and court records is prohibited.

The amendment is an addition to Chapter 378 which presently prohibits discriminatory employment practices based upon race, sex, age, religion, color, or ancestry.

The amendment's prohibition of discriminatory employment practices does not preclude any employer from refusing employment or discharge if the arrest or court records has a substantial relationship to the functions and responsibilities of the employment.

Your Committee has amended this bill so as to exclude "or convicted" from the definition of "arrest and court records".

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 656, H. D. 1**, as amended herein, and recommends that it pass Third Reading in the form attached hereto as **H. B. No. 656, H. D. 2**.

Signed by all members of the Committee.

### SCRep. No. 734 Judiciary on H. B. No. 60

The purpose of this bill is to clarify Chapter 12, Part III of the Hawaii Penal Code relating to gambling offenses.

The intent of the Legislature in the enactment of the Hawaii Penal Code during the Sixth Legislative 1972 Session and as directed to that portion regarding gambling offenses, was to impose heavy penalties on promoters of institutionalized gambling and at the same time to recognize that society no longer condemns as criminal, casual gambling in a social context.



Your Committee feels that the existing law is essentially adequate, but recognizes the fact that clarification of some of the provisions can improve it. It is also recognized that there has been considerable concern in our society over some of the language. Your Committee in seeking to obtain greater clarification, retained the service of Mr. Don Jeffrey Gelber who had previously been associated in the drafting and research of the Hawaii Penal Code in connection with the Judicial Council.

Your Committee heard testimony from many witnesses on this bill. It was singularly noted that none of the witnesses voiced objection to casual gambling in a purely social context not being considered criminal. However there was concern as to whether such concept could be implemented and that there was need for clarification.

In converting the original short form version of the bill to long form, your Committee revised Chapter 12, Part III of the Hawaii Penal Code in the following manner:

**(1) Retention of the existing offense of "promoting gambling in the first degree".** Under the existing law a very wide range of activities is brought within the scope of prohibition under the concept "promoting gambling".

Your Committee finds that the broad scope of "promoting gambling" as used in the first degree offense under the existing law is sufficiently clear. It is all inclusive respecting the types of gambling activities therein described. That is to say, it includes "profiting", and "advancing" as those terms are defined in the code. In that connection, "advancing" means among other things, "conduct that materially aids any form of gambling", and includes playing and participation.

Accordingly, your Committee has retained the existing offense of "promoting gambling in the first degree", without change. That section singles out certain gambling activities for heavier punishment than others, and it is the intent thereby to extend broad prohibition against any and all related activities.

**(2) Change in the offense of "promoting gambling in the second degree".** Your Committee amended the offense of "promoting

gambling in the second degree" so that it will refer only to the prohibition against "profiting from gambling activities". This was done because advancing gambling activity is covered by the new offense of gambling.

In this connection, the definitions of "profit from gambling activity" and "something of value" are left unchanged. Your Committee feels that they are sufficiently clear to permit orderly application by the courts on a case-by-case basis. Those definitions are intended to be all inclusive, with the exception of players' winnings.

**(3) New offense of "gambling".** While the second degree promoting offense treats the problem of "profiting" from gambling in isolation, your Committee has created the new offense of "gambling" to cover all other acts related to gambling for which evidence of profit need not be available nor applicable. The point of this is to obtain a clearer statement that gambling in all its aspects is prohibited except in the limited case of "social gambling."

Under the existing law the broad scope of the second degree promoting offense requires that "social gambling" be considered in a context that includes profiting from gambling. However, "social gambling" and profiting are mutually exclusive by definition except in the case of the players' winnings. This seems to be a point of confusion. As amended, the differential exclusion of social gambling is permitted to be considered apart from the profiting problem, and it is thought that thus, a more systematic treatment is achieved.

**(4) Social gambling, specific conditions.** Your Committee has set out the definition of "social gambling" in a separate section. The method of defining "social gambling" as gambling activity that meets all prescribed conditions is retained. The definition, however, has been set out in outline form for easier reading and an additional condition enumerates the locations where all forms of gambling are prohibited. In short, the failure to meet any of the following prescribed conditions would place any gambling activity beyond the definition of "social gambling" and render it illegal. Such conditions are:

(a) that all players engage "as contestants on equal terms";



(b) that no profiting be involved — other than the player's winnings;

(c) that it should not be conducted at certain enumerated places, involving among others, hotels, school grounds, public parks, any business establishment, etc.;

(d) that no minor be involved in the game; and

(e) that the gambling activity is no book-making.

To further the intent of this chapter to more strongly penalize the professional organized gambler, the defense of social gambling does not apply to the crime of promoting gambling in the first degree.

It should be observed that one of the essential features of "social gambling" is that all of the players should be engaged on equal terms with each other. This excludes any profiting from the gambling activity or anything incidental to it, aside from the players' personal winnings.

Your Committee recognizes that the ability to diagnose and act upon mathematical odds at different phases of a gambling activity often reflects degrees of skill and frequently constitutes the interest and enjoyment in gambling. However, it is intended that although equal terms does not mean that equal mathematical odds must be shared by every player at every phase of the gambling activity to constitute social gambling, any effort, whether direct or indirect, to tamper with those mathematical odds so that the terms between the players are tilted to favor one player or to profit any person apart from the wagering process among the players, would render such activity without equal terms and disqualify the same from "social gambling." Entire games or schemes in which the odds inherently benefit anyone are not social gambling games.

**(5) Gambling in certain enumerated places — hotels, school grounds — prohibited.** Your Committee would focus attention to the addition of the concept that gambling in certain enumerated places — such as hotels, public parks, etc. — is prohibited and that gambling conducted in such places is not to come within the protected confines of "social gambling". It is felt that this addition to the law clarifies the Legislature's intent to prevent the in-

trusion of hotel and casino type operations into this State, as well as prevent exposure of gambling to children in public parks, school grounds, etc.

In this connection, casual gambling activities in a social context, involving contests of skill, and conducted in places other than those enumerated in the law, such as casual bets between golfers or bowlers would be "social gambling".

**(6) Affirmative defense.** Under the existing law, the affirmative defense is a "status" defense. That is, the defense is extended to a person who can establish a certain "status" — that status being "player".

Your Committee finds an incongruity in excusing a "player" in a social gambling game, but not excusing one who merely advances such game without profiting from it. An example of a person in the latter category is a wife of a player who merely furnishes refreshments to the players. Under the existing law, the players could assert the defense, but the non-playing wife could not. Changes were made to the existing law to extend the defense to persons who merely advance a social gambling game by fashioning the affirmative defense as one addressed to the social gambling game in its entirety, and not merely to the status, "player".

There has been considerable concern whether the affirmative defense provisions of the Hawaii Penal Code is constitutional. In that regard, your Committee understands that statutorily prescribed affirmative defenses have been held constitutional. See *Territory of Hawaii v. Shizuichi Yamamoto et al*, 39 Haw. 556 (1952); *McKelvey v. United States*, 260 U.S. 353 (1922); *United States v. Sidney B. Rowlette et al*, 297 F. 2d 475 (1968); and *U.S. v. Carl Oslin Rumzy, Jr.*, 446 F. 2d 1184 (1971).

**(7) Obviating constitutional objection to the affirmative defense.** A major change effected by your Committee is the erasure of any mandatory requirement that defendant utilize this affirmative defense. We note that this is an area of great concern. That is, whether the affirmative defense in the existing law forces the defendant, as a legal requirement, to testify in potential self-incrimination.

Without addressing ourselves to any other

application of the affirmative defense in the Hawaii Penal Code, your Committee has amended the existing law to provide in paragraph 1231(b) that a defendant's resort to the affirmative defense is discretionary. See *People v. Felder*, 334 N.Y.S. 2d 992 (1972).

(8) **Prosecution's burden as related to social gambling games.** Your Committee notes that there appears to be some confusion as to the prosecutor's burden of proof in relation to the defense of social gambling. It is intended that the prosecution should not have the burden of proving as part of its prima facie case, that the gambling activity in question was other than a social gambling game. Accordingly, your Committee included an explicit statement to that effect in subparagraph 1231(c).

In contrast, it is the intent that the defendant shall be entitled to acquittal on the basis of the affirmative defense only if the trier of the facts finds by a preponderance of the evidence the facts constituting the affirmative defense. In other words, the defendant has both the burden of going forward with the evidence and the burden of persuasion by a preponderance of evidence with respect to the affirmative defense of social gambling.

(9) **Suggested changes by the police and the Attorney General.** Some of the suggestions for changes provided by the Police Department of the City and County of Honolulu and the Attorney General were incorporated into **House Draft 1**. The Police Department suggestion is found relative to prohibited locations for gambling activities and the non-extension of the defense to promoting gambling in the first degree, and the Attorney General's suggestion is found with reference to section 1231.

(10) **Technical changes.** Finally, your Committee effected other changes which are technical in nature to implement the above discussed modifications.

In short, your Committee has made the foregoing changes to the existing law in an effort to tighten and clarify its application. Although substantial changes of form have been effected, the main thrust of imposing heavy penalties upon promoters of institutionalized gambling has been retained, while continuing to recognize innocence of casual gambling in a social context.

Finally, your Committee provided a severability clause in the bill to ensure that if any portion of the affirmative defense concept is held invalid, it will have the effect of deleting the defense entirely, and that if that or any other provision of Chapter 12, Part III of the Hawaii Penal Code should be held invalid, none of the remaining provisions or clauses should be affected.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 60**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 60, H. D. 1** and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. No. 735** (Majority) Judiciary on **H. B. No. 1877**

Under this bill, the developer or his sales agent will be required to notify the public by publication on the proposed offering, and owner-occupants responding to such advertising will be given first preference for 90 days to purchase the units.

Your Committee notes that **House Draft 1** provides procedure to be followed by developers who arrange for long term financing as part of his sales package but provides no procedure for developers who do not offer such arrangement. **House Draft 1** has been amended to provide specific procedure to cover the latter event, and thereby sets out a clearer timetable by which prospective owner-occupants may expect to be processed in their efforts to purchase units.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 1877, H. D. 1**, as amended herein, and recommends that it pass Third Reading in the form attached hereto as **H. B. No. 1877, H. D. 2**.

Signed by all members of the Committee except Representative Wedemeyer.

Representative Fong did not concur.

**SCRep. No. 736** Judiciary on **H. B. No. 1089**

The purpose of this bill is to amend Chapter 342, Hawaii Revised Statutes, the state

environmental protection laws, to comply with the new Federal water pollution control requirements contained in Public Law 92-500 recently passed by Congress.

This bill acknowledges the introduction of a federally administered permit system. This bill will allow Hawaii to comply with the terms of the Federal legislation and administer for Hawaii by this enabling legislation the permit system established by Public Law 92-500.

It is mandatory that the changes proposed by this bill become law to provide eligibility to administer the State water quality permit program. In its absence Hawaii will not have the authority to issue permits for municipal or industrial discharge and enforcement of violations would be handled directly by the Federal Government.

Passage of this bill will enable Hawaii to obtain an appropriation of \$488,000 in Federal Environmental Protection Agency funds for a Department of Health Program and failure to enact this proposal will cost Hawaii \$6.6 million 1973 and 1974 construction grants in the sewage construction program.

The Office of Environmental Quality control indicates that the passage of this bill is mandatory to the above mentioned programs in Hawaii.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 1089, H. D. 1** and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kawakami and Medina.

**SCRep. No. 737 Finance on S. B. No. 1227**

The purpose of this bill is to abolish the existing grants-in-aid formula established under Sec. 248-6, Hawaii Revised Statutes, as amended, and provide a new basis for the distribution of grants-in-aid of State general funds to the several counties, the measure of which hereby proposed shall be "at least equal to the cash amount distributed to the county (under the present law) in the fiscal year which began on July 1, 1971."

The current formula prescribes a percentage of a percentage of the tax base for

the previous year as to collections of general excise, use, and public service company taxes, with a minimum grant to each county of \$1,000,000. Of the remaining amount, each county receives a portion arrived at by adding the amount determined to reflect its relative fiscal capacity and the amount determined to measure its relative fiscal need; provided, that seventy-five per cent of such portion shall be distributed only upon the approval of the governor of a plan or program submitted by the county, which plan or program the governor finds, in his discretion, raises, improves, or maintains a justifiable level of services performed by the county. Each county's "relative fiscal capacity" is determined by a complex formula based upon "per capita net taxable real property."

Your Committee finds that the neighbor island counties which have experienced sharply rising land value but no commensurate increases in population are adversely affected by the application of the current formula which would set high per capita net taxable real property values. A high per capita net taxable real property value results in low relative fiscal needs and high relative taxing capacities. Therefore, the neighbor island counties, which have the greatest financial need of State grants-in-aid, would receive progressively less State assistance.

As amended by the Senate, this bill establishes a new grants-in-aid formula under which, according to **Senate Stand. Com. Rep. No. 420**, "the neighbor island counties would actually receive larger dollar amounts than would be provided under the present formula." Then, expressing "primary concern... that the statewide needs of the people for governmental services be efficiently met," the report concludes that "the grants-in-aid provisions of this bill were developed with due consideration of its specific impacts on the State's entitlement to Federal Revenue Sharing funds under the Revenue Sharing Act."

Under the bill, all present provisions of the statute are repealed, and under the formula proposed to be substituted it is provided that the grants-in-aid for each county "may consist of the following: (Emphasis added).

"(1) Grants-in-aid from the general fund collections of the general excise tax, use tax, and public service company tax,

excepting only taxes collected from public utilities as defined in section 269-1.

"(2) Grants-in-aid made to the county by the State as part of the State's capital improvements program, such grants-in-aid to be counted in the fiscal year they are disbursed to the county.

"(3) Grants-in-aid made by the State to the county pursuant to incorporation of county functions as state functions, such grants-in-aid to be limited to the appropriations actually disbursed in the entire fiscal year preceding the incorporation."

As previously stated, the bill proposes that "For the fiscal year beginning July 1, 1973, and for each fiscal year thereafter, **each county shall receive from the State grants-in-aid at least equal to the cash amount distributed to the county pursuant to this section in the fiscal year which began on July 1, 1971.**" (Emphasis added).

As to the **source** of a county's grants-in-aid, the bill provides that the governor shall determine the same. "based on each county's relative fiscal need."

Finally, the bill establishes the procedural process by which and when the state director of finance shall compute and make payments to the counties.

Generally, your Committee is in concurrence with the amended bill, because retention of the current grants-in-aid formula which progressively reduces State assistance to the neighbor island counties, which by themselves cannot generate sufficient revenues to meet their operating **and capital improvements** requirements, is not construed to be in the best interest of the general public.

In the report hereupon, aforesaid, under which this bill passed and was transmitted from the Senate, this point, too, was made, but with emphasis limited to county operating requirements. In this, your Committee demurs.

Your Committee has heard and considered a measure nearly identical to this bill — being **H. B. No. 1833, H. D. 1**, and in our deliberations thereupon it became apparent that if grants-in-aid to the counties were allowed to consist of grants for capital improvements projects, then (except, per-

haps, as to neighbor island counties) there could result a substantially disproportionate offsetting effect as to grants-in-aid from the excise, use, and public service company tax source.

In the case of the City and County of Honolulu, for example, there could be a reduction of some \$13.4 million over the next biennium from the tax source; and it has been submitted that, based upon projections estimated at some \$31 million from the tax source, grants-in-aid therefrom could be reduced by the whole amount as State aid for capital improvement projects could be used in lieu of and based upon the cash grants-in-aid which have been previously distributed.

Obviously the greater the degree of urbanization of or within a county, the greater will be the relative requirements upon it and the State to provide public services and capital improvements for the residents thereof, and these demands raise proportionately with increases in its population. Because Oahu is most urbanized, accounting for approximately 80 percent of the State's population and continuing most rapidly to grow among the islands, your Committee had difficulty recommending favorably upon the provisions of a proposed law which can decrease grants-in-aid while these demands increase because of this premise.

Therefore, your Committee has amended the bill by deleting from section 2 thereof, all of the proposed provisions in Sec. 248-6(2) which would permit the counting of grants-in-aid made as part of the State's capital improvements program against the grants-in-aid to a county.

Correspondingly, for consistency, subsection (3) was renumbered subsection (2), in which the phrase "each year" was added following the word "limited" as defining the period within which appropriations are actually disbursed.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1227, S. D. 1**, as amended herein, and recommends that it pass second reading in the form attached hereto as **S. B. No. 1227, S. D. 1, H. D. 1**, and be placed on the calendar for third reading.

Signed by all members of the Committee.

**SCRep. No. 738**

Legislative Management informing the House that **House Resolution Nos. 473 to 481**, and **Standing Committee Report Nos. 724 to 737**, have been printed and distributed.

Signed by all members of the Committee.

**SCRep. No. 739 Finance on S. B. No. 1227**

The purpose of this bill is to abolish the existing grants-in-aid formula established under Sec. 248-6, Hawaii Revised Statutes, as amended, and provide a new basis for the distribution of grants-in-aid of State general funds to the several counties, the measure of which hereby proposed shall be "at least equal to the cash amount distributed to the county (under the present law) in the fiscal year which began on July 1, 1971."

Your Committee has heretofore reported upon this measure under **Stand. Com. Rep. No. 737**, recommending passage on second reading as **S. B. No. 1227, S. D. 1, H. D. 1**, and placement on the calendar for third reading.

Whereas your Committee remains in accord with the intent and purpose of the **substantive** provisions of the bill, as amended pursuant to our last report recommending thereupon, with the opportunity for further introspect, we are agreed, in retrospect, that we do not agree — entirely — with the "Statement of findings, concern, purpose and policy" expressed in section 1 thereof; and, therefore, hereby deleted from the bill are the provisions of section 1(a) (1), (2), (3), (4), and (b) in their entirety.

As the matters therein expressed relating to the status of the national economy, the State's budget and the prospective effects of the Revenue Sharing Act have been the subject of or related to a diversity of other fiscal measures upon which your Committee has previously reported, we are not hereby moved to enunciate substitutive legislative findings and purpose therefor within the bill. Rather, the bill, as hereby further amended, must speak for itself, and the evidence of that which was sought to be achieved thereby and reasons for your Committee's recommendation must be extracted from our report thereupon under

**Stand. Com. Rep. No. 737**, aforesaid, the contents of which, to the extent they are not inconsistent with the bill as further amended herein, are hereby incorporated by reference herein.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1227, S. D. 1, H. D. 1**, as amended herein, and recommends that it pass third reading in the form attached hereto as **S. B. No. 1227, S. D. 1, H. D. 2**.

Signed by all members of the Committee.

**SCRep. No. 740 Finance on S. B. No. 1295**

The purpose of this bill is to appropriate funds for government programs for the 1973-75 fiscal biennium.

Your Committee has heretofore reported upon this measure under **Stand. Com. Rep. No. 732**, recommending passage on second reading as **S. B. No. 1295, S. D. 1, H. D. 1**, and placement on the calendar for third reading.

Upon reconsideration thereof, following its passage on second reading, your Committee hereby recommends the following amendments thereto, each of which is essentially technical:

(a) In section 45b of the bill, page V-1, line 16, substitute in place of the phrase "This part", the designation "Section 45a", referring to supplemental appropriations as operating expense for BUF 101, which shall take effect upon approval.

(b) In section 46a of the bill, page V-1a, line 2, substitute the numbers "76" and "77" for the numbers "77" and "78", referring to the chapters from which the staff members to the temporary advisory commission on revenues and expenditures shall be exempt.

(c) On page V-1a of the bill, line 16, delete in its entirety the following: "SECTION 46b. This Section shall take effect on July 1, 1973," referring to the provisions relating to the temporary advisory commission on revenues and expenditures.

(d) In the title of Part VII of the bill, page VI-15, line 9, delete the phrase "AND EFFECTIVE DATE" following the word



**"SEVERABILITY"**

(e) Under Part IX of the bill, page VIII-13, commencing at line 24, add the following:

"SECTION 86. Effective date. Except as provided in Section 45b, Part V, this Act shall take effect on July 1, 1973."

To the extent not otherwise inconsistent with the bill as further amended herein, your Committee hereby incorporates by reference herein, the contents of **Stand. Com. Rep. No. 732**, aforesaid, hereupon.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1295, S. D. 1, H. D. 1**, as amended herein, and recommends that it pass third reading in the form attached hereto as **S. B. No. 1295, S. D. 1, H. D. 2**.

Signed by all members of the Committee.

**SCRep. No. 741 (Majority) Water, Land Use and Development on S. B. No. 930**

The purpose of this bill is to clarify the definitions and language used in Part II of Chapt. 205, Hawaii Revised Statutes, dealing with shoreline setbacks.

The statute contains some printing errors including such things as brackets around some dates, and in one instance the word "transit" was printed instead of the correct word "transmit". However, the proposed clarified language of the bill also changes the meaning of some sections of the law so that the taking of sand and other materials would be permitted on the lower portion of the beach in the area sometimes covered by the upper reach of the waves. Your Committee is opposed to the taking of sand and other materials in this area. Your Committee has amended the bill to prohibit the taking of sand and other materials below the shoreline. This prohibition extends 1,000 feet seaward of the shoreline and in ocean water less than 30 feet in depth. Your Committee has further amended the bill to provide that any commercial mining of sand or other minerals or the taking of coral or rock in the territorial ocean seaward of the prohibited area will be permitted only with the written permission of all government agencies having jurisdiction.

Your Committee on Water, Land Use and

Development is in accord with the intent and purpose of **S. B. No. 930, S. D. 1**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. No. 930, S. D. 1, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

Representative Ajifu did not concur.

**SCRep. No. 742 Military and Civil Defense on H. B. No. 1778**

The purpose of this bill is to make an appropriation for a study of the feasibility and benefits of relocating a major portion of the armed forces activities from Oahu to the neighbor islands.

The military, in its recently published document "A Plan for Department of Defense Facilities, State of Hawaii" clearly invites civilian planning agencies to get involved in military land use planning. Since military land use constitutes a significant portion of land use in this State, the State must be represented in the determination of that land use in order to experience control over its future.

Accordingly, your Committee has amended this bill to provide for the establishment of a procedure for public participation in the planning of military land use; and furthermore, that the total land use plans of the military be subject to the National Environmental Protection Act of 1969 whereby Environmental Impact Statement procedures are to be followed.

Your Committee notes that this bill limits the feasibility study to the islands of Hawaii and Maui. If relocation proves to be feasible, islands other than Hawaii and Maui should be considered. Therefore, your Committee has amended this bill to provide that the study include possible relocation to the Islands of Hawaii, Maui, Kauai, Molokai, Lanai and Kahoolawe.

Your Committee on Military and Civil Defense is in accord with the intent and purpose of **H. B. No. 1778**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 1778, H. D. 1**, and that it be referred to the Committee on Finance.



Signed by all members of the Committee.

**SCRep. No. 743 Consumer Protection on S. B. No. 761**

The purpose of this bill is to regulate the sale of franchises in the State to minimize losses to the franchisee in cases where the franchisor or his representative has not provided full and complete information regarding: (1) the franchisor-franchisee relationship; (2) the details of the contract between franchisor and franchisee; and (3) the prior business experience of the franchisor.

It is the intent of the bill to: (1) provide each prospective franchisee with the information necessary to make an intelligent decision regarding franchises being offered; (2) prohibit the sale of franchises which would lead to fraud or a likelihood that the franchisor's promises would not be fulfilled; and (3) protect the franchisor or subfranchisor by providing a better understanding of the relationship between the franchisor or subfranchisor and the franchisee with regard to their business relationship.

This bill is a companion measure to **H. B. No. 57** and amends the Hawaii Revised Statutes by adding a new chapter to be appropriately numbered.

Your Committee on Consumer Protection is in accord with the intent and purpose of **S. B. No. 761** and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

**SCRep. No. 744 Higher Education on H. C. R. No. 83**

The purpose of this Concurrent Resolution is to request the President and the Board of Regents of the University of Hawaii to authorize an increase in transmission power for radio station KTUH to 1,000 watts.

KTUH, a licensed non-commercial educational FM station, was initially approved by the Board of Regents to reach an estimated 52,600 Honolulu homes with a usable signal employing a 10-watt transmitter. However, only a small fraction of

this coverage objective has been met due to blanket area interference generated by Honolulu's commercial FM stations and unusual topography. An increase in transmitter power to 1,000 watts is likely to provide sufficient power to enable many more people, as was originally intended, to benefit from these educational programs.

Your Committee believes that the informal experience and training in radio production, programming, and announcing made available by KTUH is a valuable yet inexpensive education for students at the University. Testimony heard by your Committee indicated there was University student and faculty support to increase the transmission power of KTUH.

Your Committee on Higher Education concurs with the intent and purpose of **H. C. R. No. 83** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

**SCRep. No. 745 Education on H. R. No. 430**

The purpose of this resolution is to request the DOE to report its findings of the Student Rights Task Force to the legislature at least 10 days before the 1974 session.

Your Committee has received testimony from many students and professional people who pointed out that in the face of the lowered age of majority, students have a greater need than ever to study the area of student rights and to be aware of and be prepared for the responsibilities of adult citizens. The Student Bill of Rights could be an effective vehicle toward this end. Your Committee understands that the DOE has already initiated a Student Rights Task Force to examine the area of student rights, responsibilities, due process and the collective bargaining implications.

Your Committee on Education concurs with the intent and purpose of **H. R. No. 430** and recommends its referral to the Committee on Finance.

Signed by all members of the Committee.

**SCRep. No. 746 Higher Education on H. R. No. 137**

The purpose of this resolution is to request a fiscal study of the use of adult education in the State. Presently, there are limited adult education programs available through both the Department of Education and the University of Hawaii. It has become evident that there are overlaps as well as gaps between the programs offered by the two agencies. Several studies of programs have been made by both agencies and the community college system. However, the present resolution's request is for a study of the most "efficient", "effective", and "economical" method of implementing adult education functions. Although no singular way or agency guarantees "effectiveness", your Committee hopes that this study will move the two agencies in question toward this general goal.

Your Committee heard testimony from William Chapman, Vice President for Business Affairs at the University, who concurred with the purpose of this study.

Your Committee on Higher Education concurs with the intent and purpose of **H. R. No. 137** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

**SCRep. No. 747 Higher Education on H. R. No. 415**

The purpose of this resolution is to request the Board of Regents of the University of Hawaii to carry out the intent of Act 71 and recognize the importance of vocational education.

Act 71, Session Laws of Hawaii 1968, authorized the jurisdiction and administration of vocational training programs to the Board of Regents. The intent of this authorization was to **improve** vocational education programs. However, the Board's dual role, that of the Board of Regents and the Board of Vocational Education, appears to have caused some confusion. The Board has placed the office of the Director of Vocational Education under the Vice President of Academic Affairs. This placement has hindered effective administration of the Vocational Education programs in Hawaii. The latter runs the risk of being subsumed by "academic" as distinct from "vocational" courses, although both are indeed higher education. Your Committee recognizes the discrete, yet autonomous, functions of

both. Our intent in this resolution is to encourage both kinds of higher education without hampering either through bureaucratic functions or the hierarchical placement of offices.

Your Committee, therefore, recommends the following:

1. That at its regular meetings, the Board of Regents adjourn at the end of its consideration of University matters and reconvene as the Board of Vocational Education with a separate agenda.

2. That the position of Director of Vocational Education be restructured to allow the Director a more direct relationship to the Board of Regents.

Your Committee on Higher Education concurs with the intent and purpose of **H. R. No. 415** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

**SCRep. No. 748 Higher Education on H. R. No. 416**

The purpose of this Resolution is to request the Board of Vocational Education to conduct a study on vocational education programs to ensure that "comprehensiveness" will be preserved in the community colleges of Hawaii.

Comprehensiveness means a balance of vocational programs and liberal arts programs at the community colleges. However, between 1969 and 1972, there has been a downward trend of the proportion of the total community college enrollment represented by vocational program majors. This has happened because the community colleges have expanded their enrollment levels in order to accommodate the overflow of non-vocational majors from the University of Hawaii. Majors from the vocational education programs have decreased proportionately from 75 percent to 39 percent, and those in the liberal arts program have increased from 39 percent to 47 percent.

Your Committee, therefore, recommends that we reaffirm our commitment to the comprehensiveness at the community colleges by requesting a study by the Board of

Vocational Education to include the following:

1. A guaranteed percentage for Vocational Education slots on each campus to ensure that students in Vocational Education programs will not be excluded because of ceilings set by the controlled growth policy;

2. The establishment of two deans of instruction on each campus—one responsible for liberal arts programs and the other responsible for vocational programs, each reporting directly to the provost. The present structure where the dean of instruction may have no experience in vocational programs may discourage the continued development of Vocational Education programs in the community colleges; and

3. A quota reserved within given vocational programs to enable the DOE to place students at the community colleges through early admissions.

Your Committee heard testimony from Vice President for Community Colleges H. Bret Melendy, Louis Willand of Honolulu Community Colleges, and Samson Shigetomi, State Director of Vocational Education.

Your Committee on Higher Education concurs with the intent and purpose of **H. R. No. 416** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

**SCRep. No. 749 Higher Education on H. R. No. 417**

The purpose of this Resolution is to request the University of Hawaii to plan for the expansion of the engineering curriculum in recognition of the need for professional engineering training in the expanding, viable technological industry.

The construction industry is the third largest industry in the State providing an annual cost of \$714 million to the economy (1972) and employs more than 25,000 persons in Hawaii. The tremendous environmental problems of a growing State especially in areas of construction, pollution abatement, solid waste disposal, transportation, land use and planning will require well-trained engineers in order to maintain

the quality of the environment through some feasible solutions.

The University of Hawaii's College of Engineering is the only professional school providing scientific and technical engineering training in the State and Pacific Basin. Furthermore, there are only three undergraduate accredited curricula administered within the College in comparison to the average of eight curricula at comparable State universities.

Recognizing the problems and concerns of the industry, the General Contractors Association of Hawaii is presently laying the groundwork for the eventual establishment of a Chair in the College of Engineering, for the purpose of offering a construction options program as an integral part of the College's curriculum.

Your Committee heard testimony from Donald C. W. Kim, President of the Hawaii Society of Professional Engineers, and Dean John W. Shupe of the College of Engineering. Both emphasized the need for well-trained engineers in Hawaii's growing construction industry and stressed that an expanding engineering curriculum was necessary to make education and research relevant to the problems of a growing industry in technology.

Mr. Kim pointed out that the need for well-trained engineers and relevancy in engineering education and research is complicated by a lack of awareness at the administrative levels of the community and referred to the Legislative Auditor's Report on Workloads at the University (No. 73-2) which recommended minimum teaching loads for professional instruction. Mr. Kim noted that a heavy teaching load does not allow for much research, professional development or interaction with the local engineering community. Dean Shupe added that this flexibility in teaching load requirements was necessary to broaden the technology base in Hawaii and to help find solutions to local problems. The College interacts with practicing engineers and industry through professional and technical organizations to assure that its total program relates to the educational and technological needs of Hawaii. Also, extramural fund support through research contracts and grants for engineering will total \$1,500,000.

Your Committee believes that although progress has been made in developing

programs to meet the academic and professional requirements in the State, additional effort must be directed toward providing an adequate educational opportunity for Hawaii's young women and men and also sufficient support services to local industry and the engineering profession. Moreover, concern and maintenance of the quality of our environment through immediate and long-range program planning is a responsibility of all sectors of the community.

Your Committee on Higher Education concurs with the intent and purpose of **H. R. No. 417** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

**SCRep. No. 750 Higher Education on H. R. No. 410**

The purpose of this resolution is to commission a feasibility study to be conducted by the Legislative Reference Bureau to determine whether the University of Hawaii or the City and County of Honolulu shall attain jurisdiction over the Waikiki Aquarium.

An aquarium provides a normal and basic component to any institute of higher learning incorporating marine education and research. The facility would be constructed around scientific and educational value along with an exhibition of marine life common to this State as well as the Pacific Ocean Basin and be provided for each of its citizens.

Your Committee heard favorable testimony on this Resolution from Jack Davidson, Director of Sea Grant Programs, Dr. E. H. Chave, Assistant Researcher in Zoology, Lecturer on Marine Aquarium Systems; Dr. John P. Craven, Dean of Marine Programs; and Philip Helfrich, Associate Director, Hawaii Institute of Marine Biology, University of Hawaii.

Both Director Davidson and Dr. Craven stated Sea Grant would be more than willing to aid Legislative Reference Bureau in their study concerning the Aquarium. Director Davidson pointed out that over the years, expansion has resulted in greater interest from high school and university students. Mr. Helfrich stressed the idea of keeping the Waikiki Aquarium under the University of Hawaii's jurisdiction and

that the Hawaii Institute of Marine Biology would be willing to aid the Legislative Reference Bureau in their study. All testimony indicated the Aquarium should serve as an educational and exhibitional center.

Your Committee acknowledges the fact that greater interest is being taken by the University of Hawaii which clearly supports keeping the Waikiki Aquarium under its jurisdiction. Concern over transfer of the Aquarium to the City and County was expressed because existing operations and facilities would be in jeopardy. Under the control of the Parks and Recreation Division, fear is that the Aquarium would ultimately become a recreational facility.

Your Committee, upon consideration of this bill, recommends that the first "be it resolved" clause be amended to include more comprehensive wording about present as well as future needs of the Aquarium.

Your Committee on Higher Education is in accord with the intent and purpose of **H. R. No. 410**, as amended herein, and recommends that it be referred to the Committee on Oahu Select, in the form attached hereto as **H. R. No. 410, H. D. 1**.

Signed by all members of the Committee.

**SCRep. No. 751 Housing on S. B. No. 855**

The purpose of this bill is to create a housing development corporation.

Your Committee on Housing finds that there exists a substantial shortage of housing units at sales prices affordable to low and middle income families. For a variety of reasons, private enterprise and governmental agencies have not been able to significantly reduce this shortage. Recognizing this dire need for more low and middle income housing and firmly believing that the increased development of such housing is in the best interest and welfare of the people of Hawaii, your Committee recommends the creation of a housing development corporation.

Your Committee has amended **S. B. No. 855, S. D. 2**, in several respects. Section 4 of the new Chapter has been amended to provide a board of directors of four members instead of a 16 member board. Your Committee believes a 16 member board is unworkable. The four member board would

consist of three members appointed by the Governor to six year staggered terms. To obtain the staggered terms the initial appointees would have terms of eight, seven, and six years.

The three gubernatorial appointees would appoint a fourth director who would serve as chairman-managing director of the corporation. The three directors could remove the fourth director by a two-thirds vote. The managing director would be paid \$35,000 per year and the other three directors would be paid \$30,000. They would be forbidden outside employment or public office. The chairman-managing director shall appoint officers, agents, and employees as necessary to accomplish the corporation's mission and will assign work to other directors and to officers, agents, and employees.

Sec. -5 of **S. B. No. 855, S. D. 2, H. D. 1** creates a Hawaii State Housing Development Corporation Advisory Council similar to the board of directors created in **S. B. 855, S. D. 2**.

A new Section -6 clarifies the non-profit status of the corporation. A new Section -8 mandates the directors to carry out certain planning responsibilities.

Section -6 of **S. B. 855, S. D. 2**, renumbered Section -9 in **H. D. 1** clarifies terms of sale and resale of corporation developed and aided properties.

Section -11 of **S. D. 1**, Section -14 of **H. D. 1** has been amended to clarify procedures for condemnation proceedings.

Section -15 of **S. D. 1**, Section -18 of **H. D. 1** has been amended to clarify situations under which compliance with county requirements may be superseded.

Section 2 has been amended to increase the loan allowance to get the Corporation started from \$200,000 to \$900,000.

Your Committee on Housing is in accord with the intent and purpose of **S. B. No. 855, S. D. 2**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. No. 855, S. D. 2, H. D. 1**, and be referred to the Committee on Finance.

Signed by all members of the Committee.

#### **SCRep. No. 752 Housing on S. B. No. 1076**

The purpose of this bill is to establish, within the department of social services and housing, a housing relocation unit to work cooperatively with the Hawaii Housing Authority for the purpose of locating housing for welfare recipients at the lowest available rates. Furthermore, it provides for the establishment of priorities for servicing of recipients and conditions under which recipients may refuse available low rent housing.

Your Committee finds that housing payments to welfare recipients account for 46% or \$102.8 million of the total requirements of welfare recipients for 1973-75 biennium. Due primarily to the short supply compared to the great demand for affordable rental housing units, costs of this program will show a 52% increase over the previous biennium compared to a 30% increase in the estimated number of families to be assisted. Aware of this alarming pattern, this bill proposes to provide housing assistance to welfare recipients and thereby reduce the shelter cost of the public assistance program.

The department of social services and housing has estimated the 1973-75 biennium cost of personnel for the location unit (e.g. 1 supervisor, 2 location specialists, 1 clerk, 6 aides) to be \$166,994, of which, 63.74% will be federal participation funds.

Your Committee on Housing is in accord with the intent and purpose of **S. B. No. 1076, S. D. 2**, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

#### **SCRep. No. 753 (Majority) Water, Land Use and Development on S. B. No. 1380**

The purpose of this bill is to resolve questions of jurisdiction about State property within the county-designated historical, cultural, and scenic district around the environs of the Hawaii State Capitol.

The bill requires that proposed improvements in the special district accomplish the objectives of that district and are subject to approval by the Governor of the State. The bill applies only to State property within the historical, cultural, and scenic



district around the environs of the Hawaii State Capitol.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of **S. B. No. 1380, S. D. 1** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

Representative King did not concur.

**SCRep. No. 754 Housing on S. B. No. 140**

The purpose of this Act is to correct the situation under the existing law pertaining to relocation payments by State and county governments where the respective governments are required to make relocation payments in cases where the displacement results from enforcement of zoning codes.

The purpose of this Act is accomplished by amending Chapter 111, Hawaii Revised Statutes, (1) to permit governmental agencies to deny relocation payments to persons displaced by zoning code enforcement if the person was the violator, and (2) to permit governmental agencies to collect from a violator the costs of relocating any innocent persons displaced by zoning code enforcement.

Your Committee on Housing is in accord with the intent and purpose of **S. B. No. 140, S. D. 1**, and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

**SCRep. No. 755 Public Employment on S. B. No. 748**

The purpose of this bill is to amend the pension and retirement system law to require the State to fund bonus payments to its former employees and to require the counties to fund bonus payments to their former employees.

Existing law requires the State to fund bonus payments to all State and county pensioners whether they are under the State retirement system or not or whether they are pensioners whose pensions are paid by the counties or other boards and commissions.

Your Committee on Public Employment is in accord with the intent and purpose of **S. B. No. 748, S. D. 2** and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

**SCRep. No. 756 Public Employment on S. B. No. 1202**

The purpose of this bill is to require the counties to pay the post retirement allowance for all county pensioners, and in particular those pensioners who retired as county employees without joining the State retirement system.

Under existing law, the post retirement allowance for the county pensioners is paid from funds provided by the State retirement system. This bill would make the counties responsible for all of their former employees.

Your Committee on Public Employment is in accord with the intent and purpose of **S. B. No. 1202, S. D. 1** and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

**SCRep. No. 757 Public Employment on S. B. No. 1221**

The purpose of this bill is to amend Chapter 87, Hawaii Revised Statutes, relating to the Public Employees Health Fund:

(1) To increase the amount of State and county monthly contributions for dental benefits and to require that the counties pay all monthly contributions for their own retired employee-beneficiaries. This bill increases the monthly contribution the State and counties make for dental benefits from \$1.76 to \$2.04 for each eligible child.

(2) To allow a retired member or his beneficiary to qualify as employee-beneficiary or dependent-beneficiary even if the retired member was not actively employed by the State or county immediately prior to retirement.

Your Committee has amended this bill to permit the retired member or his beneficiary to qualify for benefits even if the retired member was not actively employed



immediately prior to employment. Your Committee has also amended this bill by changing the appropriated amount to \$275,000.

Your Committee on Public Employment is in accord with the intent and purpose of **S. B. No. 1221, S. D. 2**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. No. 1221, S. D. 2, H. D. 1** and be referred to the Committee on Finance.

Signed by all members of the Committee.

#### SCRep. No. 758

Legislative Management informing the House that **House Resolution Nos. 482 to 489, Standing Committee Report Nos. 739 to 757, House Concurrent Resolution Nos. 117 and 118, and Standing Committee Report Nos. 759 to 779**, have been printed and distributed.

Signed by all members of the Committee.

#### SCRep. 759 Environmental Protection on S. B. No. 823

The purpose of this bill is to bring the state environmental protection laws, especially those laws relating to water pollution control, into compliance with Public Law 92-500 recently enacted by Congress. It would amend Chapter 342, HRS, which was Act 100 passed by the Sixth Hawaii State Legislature, bringing Hawaii's laws into agreement with Federal requirements for air quality regulation. These amendments would bring Hawaii's laws into compatibility with the new Federal water pollution control amendments of 1972.

These Federal amendments made major changes in the role of the federal government in water pollution control, and specified the setting of national effluent standards, treatment and pretreatment standards, and standards of performance. Another major change was the introduction of a federally administered permit system, although it was provided that any state which has the proper procedures and enabling legislation could receive authorization to administer the permit system.

The proposed amendments are necessary to comply with the requirements of Public Law 92-500 for eligibility to administer a state water quality permit program. In

their absence, the State of Hawaii would not be granted the authority to issue permits for municipal or industrial discharges, and further, the enforcement of violations of Federal standards would be preempted by the Federal Environmental Protection Agency. As pointed out in testimony by the Office of Environmental Quality Control, "the State of Hawaii should retain these areas of responsibility so as to provide that measure of flexibility which reflects our own intimate knowledge of Hawaii's needs and unique situation."

In addition, as the Department of Health testified, Hawaii receives program grant funds and construction grant funds from the Environmental Protection Agency yearly. To continue to receive these grant monies, Hawaii's water pollution control program must be approved by EPA and these amendments incorporate the EPA requirements. Program grant funds amounted to \$102,500 and \$157,500 for fiscal years 1971 and 1972 respectively, and sewage construction funds amounted to approximately \$3.4 million and \$13.0 million for fiscal years 1971 and 1972 respectively.

In addition to the amendments to Chapter 342, Hawaii Revised Statutes, proposed by the bill, the Department of Health learned, when it submitted the administration bill to Regional Counsel of the Federal Environmental Protection Agency for review, that certain additional requirements needed to be included in the bill. Testimony submitted by the department outlined these additional amendments. Some of these were omitted in **S. B. No. 823, S. D. 1**, including a housekeeping amendment to take care of noise regulations, and your Committee has incorporated these into the bill.

The Department of Health's testimony that the proposed changes were mandatory in order to comply with national laws and to continue to receive federal grants was strongly supported by the Office of Environmental Quality Control.

Your Committee on Environmental Protection is in accord with the intent and purpose of **S. B. No. 823, S. D. 1**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. No. 823, S. D. 1, H. D. 1** and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

**SCRep. 760 Agriculture on S. B. No. 362**

The purpose of this bill is to provide compensation to the producer of raw agricultural commodities for loss suffered from the condemnation of his product due to illegal pesticides residue which he is not responsible for and over which he has no control. Such compensation is dependent upon specific legislative appropriation, and the producer must file a claim to receive the compensation.

Your Committee on Agriculture is in accord with the intent and purpose of **S. B. No. 362** and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

**SCRep. 761 Transportation on H. R. No. 370**

The purpose of this resolution is to request the House Committee on Transportation to review the highway alignment problem for Windward Oahu and to see if some decision can be made about it.

Since highway transportation is the basis for the unprecedented degree of personal mobility we enjoy today, as well as for the scope and dependability of freight movement, it cannot be allowed to function apart from or in conflict with its environment. Proper alignments would prevent any interruption in the normal flow of traffic and conflicts arising from such interruptions.

Testimony on this Resolution revealed that citizen input on the alignments would be most helpful before any final decisions are made. Therefore, your Committee on Transportation recommends amending the resolution for the purpose of requesting the Speaker of the House to appoint an interim committee to fully study and review the problems of highway alignment in the Windward area, to provide an avenue for citizen input on the problem, and to notify the administration and council of the city and county of the study and review.

Your Committee on Transportation is in accord with the intent and purpose of **H. R. No. 370**, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as **H. R. No. 370, H. D. 1**.

Signed by all members of the Committee.

**SCRep. 762 Judiciary on H. R. No. 231**

The purpose of this Resolution is to request the counties of the State of Hawaii to require that all future subdivisions include between 10 and 20 per cent of the total number of units specifically for the elderly and low and moderate income families.

Your Committee is fully aware of the current housing dilemma facing the citizenry of Hawaii today. Your Committee notes that the existing market conditions are not responsive to the needs and financial capabilities of a vast segment of our community, specifically the elderly and low and moderate income households. Furthermore, the current housing market situation has invariably segregated the different socioeconomic groups such as the elderly and low and moderate income families to substandard housing. Your Committee seeks to alleviate the problem by providing the low and moderate income families the opportunity to acquire decent housing.

Your Committee on Judiciary is in accord with the intent and purpose of **H. R. No. 231** and recommends its adoption.

Signed by all members of the Committee.

**SCRep. 763 Tourism on S. C. R. No. 34**

The purpose of this Concurrent Resolution is to request the Temporary Visitor Industry Council to study and make recommendations concerning overbooking in hotels.

The Hawaii Hotel Association is in agreement with your Committee's findings that such a study is necessary because flagrant overbooking by hotels is harmful to the visitor industry in general and such adverse publicity as is generated by it is an impediment to successful promotion of Hawaii as a desirable tourist destination.

The Temporary Visitor Industry Council, by virtue of its membership spanning all segments of the community and through the responsibilities charged to it under legislative mandate ordering its organization, has the wherewithal to conduct such a study and to work in close cooperation with the Office of Consumer Protection in

matters regarding legislation which may be necessary to control overbooking.

Your Committee on Tourism concurs with the intent and purpose of **S. C. R. No. 34, S. D. 1** and recommends its adoption.

Signed by all members of the Committee.

**SCRep. 764** Water, Land Use and Development on **S. C. R. No. 47**

The purpose of this concurrent resolution is to have the Department of Land and Natural Resources release surplus or underutilized agriculture lands from State institutions or other State owned lands to be used by the Future Farmers of America for practical experience in the field of animal husbandry.

The resolution notes that high schools which do have a Future Farmer chapter usually have only one acre of land for practical use and this is inadequate to accommodate an animal husbandry program.

Your Committee on Water, Land Use and Development concurs with the intent and purpose of **S. C. R. No. 47** and recommends its adoption.

Signed by all members of the Committee.

**SCRep. 765** Water, Land Use and Development on **H. C. R. No. 75**

The purpose of this concurrent resolution is to ensure the preparation and publication of an environmental impact statement on the return of the 25th Division to Hawaii.

The 25th Infantry Division of the U.S. Army is expected to return to full-force status in Hawaii within the next 18 months. This is expected to add about 10,000 military personnel and additional dependents to the State's population. This can be expected to have a substantial impact on housing, schools, traffic, beaches, parks, public services, public utilities, land use and environment. This concurrent resolution seeks to ensure that the Department of Defense comply with the National Environmental Policy Act of 1969 by preparing an environmental impact statement on the return of the 25th Division.

Your Committee on Water, Land Use and Development concurs with the intent and purpose of **H. C. R. No. 75** and recommends its adoption.

Signed by all members of the Committee.

**SCRep. 766** Public Employment on **H. R. No. 80**

The purpose of this Resolution is to request the House Public Employment Committee to conduct a full-scale study to determine:

1. The dimensions of military-generated employment in Hawaii;
2. The fluctuations of military-generated employment in Hawaii over the past ten years;
3. The number of Hawaii residents (defined as people paying taxes to the State of Hawaii) involved in military-generated employment in Hawaii; and
4. The effect of the Vietnam peace on employment in Hawaii.

Your Committee on Public Employment concurs with the purpose of **H. R. No. 80, H. D. 1** and recommends its adoption.

Signed by all members of the Committee.

**SCRep. 767** Water, Land Use and Development on **S. B. No. 176**

The purpose of this bill is to encourage owners of land suitable for agriculture to use that property for agriculture.

The bill deals with taxation of agricultural land and the dedication of land for agricultural use. The main features of the bill are to clearly specify the Legislature's intent that land classified and used for agriculture be taxed at its use in agriculture without regard to market value or neighboring land values, and to encourage dedication of land by providing tax incentives to those who dedicate their land for agricultural use for 20 years. The detailed provisions of the bill have been delineated in **Standing Committee Report No. 536** accompanying **S. D. 2**.

Upon consideration of the bill, your Committee has amended the following sections:

1. Sec. 246-12(a) (3) was amended to add part of a sentence omitted from the bill. The part which was omitted reads "pine-apple, truck crops, orchard crops, ornamental crops, or the like for the five year period immediately preceding the dedication request; provided further that land situated within an agricultural district may be dedicated for a period of twenty years and shall be taxed at fifty per cent of its assessed value in such use."

2. Sec. 246-12(c) (1) has been amended to delete the words "the director may at any time after the end of the fifth year, give five years' advance notice of cancellation to the owner". Your Committee thinks this portion is unnecessary as there is no reason for the director to cancel a dedication.

3. Sec. 246-12(c) (3) has been clarified to read: "In case of a change in major land use classification not as a result of a petition by any property owner or lessee such that the owner's land is placed within an urban district, the dedication may be cancelled within sixty days of the change by the owner."

4. Sec. 246-10(a) has been clarified to specify the Legislature's intent that lands classified and used for agriculture, whether dedicated or not, shall be assessed at their value in use in agriculture.

5. Sec. 246-10(f) (3) dealing with the tax recapture provision when land is redistricted from agriculture to urban or rural has been amended to clarify the provision that the property owner or lessee not be penalized by the recapture provision if the redistricting was not the result of a petition by the property owner or lessee. If the redistricting resulted from factors outside the control of the property owner or the lessee, your Committee thinks the property owner or lessee should not be subject to the back taxes.

6. Section 7 of the bill has been amended to provide that the act shall apply to the tax year beginning July 1, 1973, which your Committee thinks is appropriate.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of **S. B. No. 176, S. D. 2**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. No. 176, S. D. 2**,

**H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Aduja and Wedemeyer.

#### **SCRep. 768 Education on S. B. No. 1153**

The purpose of this bill is to enable principals to control parking on school campuses. Presently, there are no ordinances or state laws prohibiting the parking of cars on school campuses during school hours.

Your Committee believes that the following reasons justify the favorable consideration of the bill.

(1) Students and faculty members who drive to school frequently cannot find parking spaces;

(2) Unauthorized parked cars block and obstruct emergency vehicles from entering the school grounds;

(3) School personnel, such as vice-principals, may spend as much as three hours of wasted time per day dealing with unauthorized cars.

Your Committee on Education is in accord with the intent and purpose of **S. B. No. 1153** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

#### **SCRep. 769 Education on S. B. No. 1308**

The purpose of this bill is to revise laws relating to education. It repeals Sections 189-31, 189-32, 189-33, 189-34, and 189-35, Hawaii Revised Statutes, Part III, relating to Fisherman Training. Your Committee has learned that the Fisherman Training Act has proven ineffective and unnecessary at the present time.

Your Committee is in accord with the intent and purpose of **S. B. No. 1308, S. D. 1** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

#### **SCRep. 770 Agriculture on S. C. R. No. 37**

The purpose of this Concurrent Resolution is to ask Congress to seek means of achieving more equitable treatment by foreign governments in the export marketing of Hawaiian pineapple.

At the present time, severe discriminatory practices by certain foreign governments have effectively barred Hawaiian pineapple from major foreign markets. These practices include duties and quotas that are not only discriminatory but also are in violation of the General Agreement of Tariffs and Trade (GATT).

Your Committee believes that the elimination of discriminatory practices by foreign governments against Hawaiian-produced pineapple would help insure the continued viability of Hawaii's pineapple industry.

Your Committee on Agriculture concurs with the intent and purpose of **S. C. R. No. 37, S. D. 1** and recommends its adoption.

Signed by all members of the Committee.

**SCRep. 771 Agriculture on S. C. R. No. 38**

The purpose of this Concurrent Resolution is stated in its title.

Your Committee finds that **Senate Standing Committee Report No. 455** clearly states the problems addressed by this concurrent resolution; namely, that U.S. produced pineapple faces stiff tariffs and quotas in foreign markets while foreign produced pineapple faces much lower tariffs and no quotas for the U.S. market. Your Committee believes that this concurrent resolution will help alleviate the existing inequity.

Your Committee on Agriculture concurs with the intent and purpose of **S. C. R. No. 38** and recommends its adoption.

Signed by all members of the Committee.

**SCRep. 772 Agriculture on S. C. R. No. 39**

The purpose of this Concurrent Resolution is clearly stated in its title.

Your Committee finds that **Senate Standing Committee Report No. 456** adequately states the problem faced by Hawaii produced pineapple; namely, that it is of a

quality superior to that of foreign produced pineapple, yet it finds itself competing with the inferior foreign pineapple that is being marketed as having the same quality as the Hawaiian pineapple. If this inequity is corrected by the federal authorities, it would enable Hawaiian pineapple to compete more fairly for its share of the market.

Your Committee on Agriculture concurs with the intent and purpose of **S. C. R. No. 39, S. D. 1**, and recommends its adoption.

Signed by all members of the Committee.

**SCRep. 773 Agriculture on S. C. R. No. 40**

The purpose of this Concurrent Resolution is stated in its title.

Your Committee finds that **Senate Standing Committee Report No. 457** clearly states the problem; namely, that foreign growers and producers are allowed to use pesticides and processing practices that are illegal for U.S. growers and processors. These chemicals and practices result in considerably lower production costs and thereby forces U.S. grown and processed products to compete from an unfair position in the U.S. market.

Your Committee on Agriculture concurs with the intent and purpose of **S. C. R. No. 40** and recommends its adoption.

Signed by all members of the Committee.

**SCRep. 774 Agriculture on S. C. R. No. 41**

The purpose of this Concurrent Resolution, as amended, is to request Matson Navigation Company and the Federal Maritime Commission to exempt fresh and processed pineapple products from the rate increase in the United States Pacific/Hawaiian Trade to become effective May 1, 1973 and to request the Attorney General, State of Hawaii, to oppose any increase in rates before the U.S. Federal Maritime Commission on behalf of the pineapple industry and the people of the State.

During the hearing held on this Concurrent Resolution your Committee learned that the most effective means of having the voice of the people of the State heard before the U.S. Federal Maritime Commission was to have the Attorney General

make a presentation on their behalf. It is for this reason that the Concurrent Resolution was amended.

Pineapple production, which is the State's second largest agricultural industry, has faced serious competition from foreign pineapples over the years. Its importance to the state's economy is unquestionable.

At this time, when the pineapple industry is attempting to increase marketing of fresh pineapple for the mainland market, the over-all revenue increase is a severe blow to the industry.

The fact that the shipment of pineapples means the utilization of eastbound containers that would otherwise return empty to the loss of Matson, it is only fair that the rate increase should not be applied to pineapples.

Your Committee on Agriculture concurs with the intent and purpose of **S. C. R. No. 41**, as amended herein, and recommends its adoption in the form attached hereto as **S. C. R. No. 41, H. D. 1**.

Signed by all members of the Committee.

**SCRep. 775** Environmental Protection on **S. B. No. 377**

The purpose of this bill is to establish a means whereby capital improvements for antipollution projects can be financed through the issuance of revenue bonds by the State through the Department of Budget and Finance, thus encouraging private industry or governmental bodies to initiate such projects by providing a means of financing same.

Your Committee, being strongly committed to the preservation and, where necessary, restoration of the quality of our environment, recognizes that the promulgation of Federal, State and County regulations will require some businesses, as well as governmental bodies, to make substantial, non-income producing, investments in antipollution control facilities. Your Committee finds that the assistance of the State in providing a vehicle by which such antipollution programs can be financed is a public purpose, inasmuch as a cleaner environment benefits all of Hawaii's citizens. Your Committee further finds that the lower interest costs associated with these tax-exempt bonds should encourage some

businesses to initiate pollution control measures on their own volition.

This bill would provide a governmental vehicle in Hawaii by which Federal tax advantages can be gained by those industries in Hawaii involved in antipollution projects, thereby encouraging and assisting such industries to carry out pollution control measures and also giving governmental bodies located in Hawaii the option to use the same financing vehicle in carrying out pollution control. The genesis of the antipollution revenue bond comes from the industrial development bond which is a bond issued by a governmental body, the proceeds of which are used to build a facility to be used by a private party. The bond is secured by and paid from the payments made by such party (or user) for the use of the facility.

In 1968 Congress amended the Internal Revenue Code to provide that, if the amount of the industrial bond issue exceeded \$5,000,000, the interest payable on the bonds would not be exempt from Federal income taxes. Congress also provided, however, that if the function of the facility was pollution control, the dollar limitations would not apply and that interest on bonds issued for such purpose would remain exempt from Federal income taxes, regardless of the amount of the issue. Congress thus made it possible for industry and, later by Congressional amendment, government bodies to borrow money for pollution control facilities at a lower rate of interest, thereby encouraging the initiation of pollution control projects as well as assisting in compliance with antipollution statutes and court orders.

As drafted, the bill provides that the State will not incur any costs whatsoever in connection with any phase of the pollution control project or any phase of the sale of the antipollution revenue bonds. The bill permits revenue bonds to be issued only for pollution control facilities. The payment of such revenue bonds is limited solely to the moneys paid by industry or a governmental body for the use of the facilities or the purchase of the facilities by it. Neither the State's general fund nor any general revenues of the State will be obligated to pay the revenue bonds. The bonds will neither affect nor be counted in any way against the constitutional debt limit of the State. The bill requires that the State be compensated by the project party out of



either the revenue bond proceeds or from other sources for any and all expenses it incurs in issuing the revenue bonds and that the user of the facilities pay all expenses the State incurs in carrying out the pollution control project. Your Committee has amended the bill to include reimbursement of indirect as well as direct expenses the State may incur. Included in these expenses to be covered by the project party are any expenses incurred prior to the issuance of the bonds. Your Committee has further amended the bill to include expenses which are incurred even though the bonds are never issued. Consequently, the State will not be using any of its own moneys to pay for the revenue bonds, to pay for the costs and expenses of issuing or administering the bonds, or to pay for preliminary or any other expenses relating to the project, even though the bonds are not sold.

It is the understanding of your Committee that the Federal Internal Revenue Service will review all projects to insure that only those projects or portions thereof that are purely antipollution in nature will qualify for tax-exempt status. This requirement will insure that private industry will not be able to include any projects which do not meet the approval of the IRS as pollution control measures. As a further safeguard, your Committee has amended the bill to require that any antipollution project within the meaning of this Act shall be certified as necessary or desirable by the Department of Health.

At hearings your Committee held on the companion House bill, your Committee heard from witnesses at the governmental and private industry level as well as from an environmental organization, the Hawaii Chapter of the Sierra Club, all speaking in favor of the purpose of the bill. Testimony indicated that since the first antipollution revenue bond issue was sold two years ago, numerous other state and county agencies on the Mainland have utilized this concept.

Your Committee notes, however, and calls specific attention to the following testimony of Hiram Kamaka, Director of the State Department of Budget and Finance: "... it must be noted that there is still a legal question as to the constitutionality of the issuance of industrial revenue bonds and the question of the public purpose of the bonds would first have to be resolved in the courts, prior to the sale of

such bonds. It is understood that the cost of litigation will be borne by the company first to use industrial revenue bond financing."

In addition your Committee has amended the bill to include a provision that the attorney general is also directed to raise the constitutional question of whether or not the bonds could count against the State's debt limit. This would be done at the time the question of the public purpose of the bonds is being resolved in the Courts, and the cost thereof would be borne by the same company. It is your Committee's specific intent that if the revenue bonds can be so counted against the State's debt limit, the provisions of this Act shall not be utilized.

In order to clarify the intent of this legislative proposal and to maintain consistency in its language, your Committee has amended the bill, with the assistance of State bond counsel, in the following general manner:

1. Reference is made to Section 103(c) (4) of the U.S. Internal Revenue Code of 1954, as amended, regarding Federal tax exemption of interest on bonds issued by public bodies for antipollution facilities.

2. Section 39-126 of the proposed bill is amended to expand the powers of the Department of Budget and Finance, in order to guarantee the completion of the antipollution project and fulfillment of the obligations of the project party.

3. Section 39-130 of the proposed bill, as amended, clarifies the provisions to be included in the project agreement entered into by the Department, delineating the obligations of the project party. This includes a provision which gives the Director of Finance the option to require a deposit from the proposed project party prior to entering into negotiations with such party to cover any expenses incurred by the department.

4. In Section 39-131 of the bill, the subsection relating to the final maturity date is clarified.

5. In Section 39-131 of the bill, a subsection is included which will enable the Director of Finance to elect not to serve as fiscal agent for the payment of the interest on the bonds, thus permitting the

Director to spend the minimal amount of time necessary to administer the projects.

Your Committee on Environmental Protection is in accord with the intent and purpose of **S. B. No. 377, S. D. 2**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. No. 377, S. D. 1, H. D. 1**, and be referred to the Committee on Finance.

Signed by all members of the Committee.

**SCRep. 776 Housing on S. B. No. 1007**

The purpose of this bill is to facilitate the acceptance and installation in Hawaii of factory built houses and all components manufactured out of state; and, at the same time, safeguarding local purchasers against shoddy workmanship of units or components not manufactured under approved standards.

This bill proposes to require out-of-state manufacturers, who are seeking approval of their unit for purchase and installation in Hawaii, to post a \$50,000 bond payable to the State, where such bond would be cashed for and on behalf of any purchaser where the manufactured unit he purchased is discovered to be defective or not built in accord with approved plans and standards in order that such purchaser can then hire a contractor to make such repairs as will bring his factory built home up to approved standards.

Your Committee on Housing is in accord with the intent and purpose of **S. B. No. 1007** and recommends that it pass Second Reading and be placed on the Calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. 777 Public Employment on S. B. No. 394**

The purpose of this bill is to allow the councils of the various counties to establish and maintain volunteer fire stations. The chief engineer would select and appoint volunteer personnel to man the fire stations and they would serve at his pleasure. This bill also sets forth compensation benefits in the event of death or injury to the volunteers.

Your Committee on Public Employment is in accord with the intent and purpose

of **S. B. No. 394** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. 778 (Majority) Judiciary on H. B. No. 1831**

The purpose of this bill is to repeal the unequitable exemption being enjoyed by the military respecting state taxes imposed upon the sale of liquor.

The Department of Defense requires by its directive that liquor prices thru military outlets be kept within 10% of the lowest prevailing rates of civilian outlets. However, such directive does not apply to Alaska and Hawaii, so that military outlets enjoy a more than normal competitive edge over local outlets.

Your Committee is mindful of the benefit of lower prices to the consumer, but not at a disadvantage to all local civilian standards found in the other states.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 1831** and recommends that it pass Third Reading.

Signed by all members of the Committee.

Representatives Aduja and Carroll did not concur.

**SCRep. 779 Housing on S. B. No. 10**

Your Committee is aware that there still persists a critical shortage of housing in the State to meet the needs of low income families and that "low income" is properly defined in relation to the cost of the commodity. Housing in Hawaii is an extremely high cost commodity, for a variety of reasons. Your Committee has addressed itself to methods to make housing available to the people of Hawaii and the purpose of this Bill is to achieve this goal.

Section 359G of the Hawaii Revised Statutes grants broad powers to the Hawaii Housing Authority. Your Committee hopes that the law, as expanded by this Bill, will be utilized fully to provide housing.

Sections 2 and 3 of the Bill allow the Authority to elect its chairman and vice chairman.

Sections 4, 5, and 6 are to enable the Authority to maintain a dependable staff while taking advantage of non-governmental expertise.

Section 7 allows the Authority to "land bank" for future development. It also removes the restriction preventing the Authority from condemning any completed dwelling that exceeds the price of an FHA 235 unit. It is hoped that by this method the Authority may become a "middle man" in many new developments so that title can be passed to the new buyer through the Authority. Houses thus sold will become subject to the "buy back" provisions of Chapter 359G and this will eliminate much of the speculative housing market.

Section 8 is intended to create flexibility in financing Chapter 359G to avoid conflict with proposed federal regulations.

Section 9 repeals the former "buy back" provisions, and Section 10 provides new "buy back" provisions to restrict the purchaser to recovery of original cost plus the cost of improvements and interest on equity during the first 5 years. For the next 15 years the "buy back" would be at market value less any subsidies. It also expands the "buy back" to apply to all houses developed under the chapter and gives the Authority the power to modify these restrictions if necessary to comply with any federal housing law.

Section 11 allows the Authority to make a loan to qualified borrowers to meet interest payments on home loans. This new power will help those in the "gap group" with incomes as high as \$20,000.00 to obtain home loans. As pointed out "low income" must be defined in the context of the cost of the commodity and many of our families earn too much to qualify for public housing but not enough to qualify for a mortgage loan. Assets and income will be continually reviewed to maintain eligibility and the house so purchased will be subject to the "buy back" provisions. The total loan will not exceed \$50.00 per month for 60 months but this would be the equivalent of \$200.00 per month additional family income for private loan qualification purposes.

Section 12 allows the Authority greater flexibility in contracting with developers for providing low income housing.

Instead of itself acting as developer the Authority can approve privately initiated projects that qualify and can utilize its powers in the project pursuant to implementation of an agreement to develop and sell units that qualify and will be subject to the "buy back" provisions of Section 359G-9.

Section 13 gives the Authority the power to allow construction of two dwelling units on any lot of over 5,000 square feet and to establish construction standards which will assure that there is sufficient utility capacity and off street parking.

Your Committee believes that many existing urban areas can accommodate more dwelling units and that the supply thus generated will help to alleviate the great demand for housing.

Although these units will be subject to the "buy back" provisions of the Act, they can house family members or be rented for the first five years after which time they could be sold to the Authority or third parties, through the Authority, at market value, but again subject to the "buy back" provisions.

Section 14 allows the Authority to provide commercial uses as an integral part of any residential development under Chapter 359G. Your Committee is aware that the life styles of many of Hawaii's residents require a close family tie to business and wishes to encourage that in developments under Chapter 359G.

Your Committee has amended S. B. No. 10, S. D. 1 in the following respects. Section 4 has been amended to limit the period for which the Hawaii Housing Authority may engage contractual personnel. No contract shall be for more than two years and no individual shall be employed on contracts for more than six years.

The original Section 5 of the bill which would blanket certain Act 105, Session Laws of Hawaii 1970, personnel into the State civil service system has been renumbered Section 18. The new Section 5 amends Section 359G-4(a), Hawaii Revised Statutes, to permit declarant aliens to qualify as Hawaii residents even if they have lived in the State less than five years.

Following Section 5, certain new sections have been inserted requiring the renum-

bering of sections of **S. B. No. 10, S. D. 1**. A new Section 6 amends Section 359G-12(d) to permit declarant aliens to qualify as Hawaii residents even if they have lived in the State less than five years. Similarly, a new Section 7 does the same thing in regard to Section 359G-17(a) and a new Section 8 does the same thing in regard to Section 359G-23(a).

Sections 6 through 14 of **S. B. No. 10, S. D. 1**, have been renumbered as Sections 9 through 17, **S. B. No. 10, S. D. 1, H. D. 1**. A new Section 18 picks up the text of Section 5 of **S. B. No. 10, S. D. 1**.

Section 14 has been amended to exclude persons who have equity in fee simple residential properties **without** the State as well as within the State.

Sections 15 through 17 of **S. B. No. 10, S. D. 1** have been renumbered as Sections 19 through 21 of **S. B. No. 10, S. D. 1, H. D. 1**.

Your Committee on Housing is in accord with the intent and purpose of **S. D. No. 10, S. D. 1**, as amended herein, and recommends that it pass Second Reading and be placed on the Calendar for Third Reading in the form attached hereto as **S. B. No. 10, S. D. 1, H. D. 1**.

Signed by all members of the Committee.

#### **SCRep. 780 Environmental Protection on S. B. No. 1206**

The purpose of this bill is to insure proper state planning by providing for the collection of data with respect to persons leaving or entering the State.

In order to facilitate data gathering, the bill provides that a form shall be prepared by the Department of Planning and Economic Development to be filled out by persons entering or leaving the State. The form is to be approved by the attorney general prior to use.

The just released Legislative Reference Bureau study by David R. Hood, Dean of the University of Hawaii Law School, and Bella Bell, entitled "In-migration as a Component of Hawaii Population Growth: Its Legal Implications", reports that in-migration represents 40 per cent of the total actual population increase experienced by Hawaii between 1960-1970. The

study stresses the importance from the planning viewpoint of knowing not only how many people are moving into or out of the State but why. At the present time, as the chief of the Statistics Branch for the Department of Planning and Economic Development testified, only incomplete and possibly inaccurate data are available from which conclusions can be drawn. Without knowledge of motivational factors, desirable strategies for controlling in-migration cannot be formulated or implemented.

Your Committee has corrected a typographical error on page one, line one. "Person" has been changed to "persons."

Your Committee is in accord with the intent and purpose of **S. B. No. 1206, S. D. 2**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. No. 1206, S. D. 2, H. D. 1** and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

#### **SCRep. 781 Judiciary on S. B. No. 822**

The purpose of this bill is to amend the workmen's compensation law relating to funeral and burial allowances by allowing certain prepaid funeral and burial plan payments to the surviving spouse or the decedent's estate.

Present law requires that where a work injury causes death the employer is required to pay funeral expenses not to exceed \$1000 to the mortician and burial expenses not to exceed \$500 to the cemetery. Such payments are to be made directly to the mortician or the cemetery.

The proposed bill would allow funeral payments and burial expense payments to be made directly to the surviving spouse or to the decedent's estate if the deceased has a pre-paid funeral and burial plan.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 822** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

#### **SCRep. 782 Finance on S. B. No. 569**

The purpose of this bill is to provide for enabling legislation to authorize the organization of state chartered credit unions.

Your Committee had occasion to consider a similar measure, which, as **H. B. No. 674, H. D. 1**, is exactly identical in content to this bill, as amended, which, while the former was in the process of action upon a recommendation for passage, was transmitted from the Senate. A series of hearings were held thereupon as reported in **Stand. Com. Rep. No. 704**, the substance of which is as follows:

Presently, all credit unions in Hawaii are organized and regulated under the Federal Credit Union Act since there is no State enabling legislation permitting such organization otherwise. According to the Hawaii Credit Union League (HCUL), an association of 167 federal credit unions operating in the State, which endorses this bill, there are some 229,150 members in these federally chartered unions, owning assets of \$280,706,056, total shares of \$248,550,443, and total loans outstanding of \$185,674,649. It has been estimated that in Hawaii alone, the aggregate of credit union accounts holds a current accumulated surplus of over \$90 million.

This disproportionately high level of "idle" funds in a market imminently imperiled by a housing shortage spurned, in part, by a sometimes purported absence of money for home loans cannot accord with the continual command for quarters, unless it is understood that federal credit unions are, by the very nature of their charters, precluded from participating in meaningful programs thereto related. State chartered credit unions, on the other hand, may make loan commitments for periods exceeding 10 years (which federally chartered credit unions cannot) and are inherently adaptable to expand their services into this needed area of financing for members, many of whom, notwithstanding their credit union savings, or perhaps in spite of them, cannot qualify under the higher standards for bank mortgage loans.

In addition to home loans, state chartered credit unions will be authorized to invest in State obligations while those which are federally chartered cannot.

Some safeguards inherent under a state system, prescribed or specified in the bill, include requirements that (1) funds are fed-

erally insured, and (2) no more than 30% of the outstanding shares and deposits of any credit union participating may be applied toward long term loans on residential real estate (exceeding 10 years, but not more than 30 years). (See Secs. -15(c), (d) and (e) in the bill).

After 36 years of operations under federal charters only, it is submitted by HCUL that establishment of a dual chartering system furnishes a beneficial option of selection as to type of charter best suited to the needs of each, whose members consist of individuals related by a "common bond", any seven or more of whom may subscribe for organization.

There are 44 other states which sanction state chartered credit unions, the six among those excluded including Alaska, Delaware, Hawaii, Nevada, South Dakota, Wyoming, and the District of Columbia. According to statistics published by the National Credit Union Administration, as of the close of 1971, there were 10,613 state chartered credit unions in the United States as against 13,494 federally chartered.

By this bill and **H. B. No. 674**, as originally drafted, the director of regulatory agencies, who, under one of the amendments hereto, now will administer the program as its commissioner, was opposed to its structuring, organizationally. The director, while electing to "proffer no comment on the substantive provisions of this bill," stated that because the bill created a separate "division" within the framework of the department, it "skews the present departmental structure considerably." However, ensuing meetings by and between your Committee and the respective parties produced the draft into which the House version substantively identical to this bill, as aforesaid, was transformed. The amendments, being mutually agreed upon, are enumerated in **Senate Stand. Com. Rep. No. 542** (see also **House Stand. Com. Rep. No. 704**), significant among which are: Establish the director of regulatory agencies as the commissioner, eliminating the credit union "division"; emasculate authority of the credit union review board; and set minimum requirements for establishment of credit unions pursuant to rules and regulations promulgated by the commissioner.

Your Committee has further amended the bill in section 2 by reducing the sum appropriated for the purposes thereof, in-



cluding the hiring of staff, from \$100,000 to \$25,000; and further by designating the department of regulatory agencies for expenditure, provided (in effect) that any amount expended shall be reimbursed to the general fund from fees or other revenues realized by the commissioner on account of credit unions organized hereunder.

Upon the hearing of **H. B. No. 674**, it was learned that initial funding projections were developed heretofore by HCUL, reputedly in discussions with the department of regulatory agencies, totaling \$49,370. (See Exhibit #1, annexed). However, it was conceded that a deputy commissioner (\$16,200) would not be essential, and deleting all of his equipment requirements and other related costs reduced the level recommended for funding at the \$25,000 figure.

#### EXHIBIT #1

Initial funding projections for State Chartered Credit Unions developed by Hawaii Credit Union League.

Deputy Commissioner (SR 31)	\$16,200
Examiner (SR 23)	12,000
Stenographer (SR 11)	<u>7,200</u>
Total Salaries	\$35,400
Plus Fringe Benefits, etc.	<u>8,850</u>
Total Salaries and Fringe Benefits, etc.	\$44,250
3 only Desks	\$900
3 only Swivel Chairs	240
6 only Side Arm Chairs	300
2 only 4 Drawer Filing Cabinets	200
2 only IBM Typewriters	1,000
2 only Adding Machines	400
Office Supplies	500
Postage & P.O. Box Rental	600
Telephone (2 phones)	480
Miscellaneous	<u>500</u>
Total Furniture and Office Expenses	<u>5,120</u>
Grand Total	\$49,370

#### SCRep. 783 Public Employment on S. B. No. 931

The purpose of this bill is to require the employer, as defined in Section 89-2(9), Hawaii Revised Statutes, to adjust the compensation, hours of work, benefits and terms and conditions of employment of public officers and employees who are presently excluded from collective bargaining.

Finally, because your Committee contemplates a complete inquiry during the interim, into the financial import of state chartered credit unions upon other and related businesses (including savings and loan associations), the effective date hereof, in section 3 of the bill, has been retarded to July 1, 1974, previous to which still further amendments hereto, should they prove advisable, may be effected.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 569, S. D. 2**, as amended herein, and recommends that it pass second reading in the form attached hereto as **S. B. No. 569, S. D. 2, H. D. 1**, and be placed on the calendar for third reading.

Signed by all members of the Committee.

Recognizing that all provisions contained in a collective bargaining agreement may not necessarily be equally applicable to excluded officers and employees, your Committee has amended this bill by inserting the provision that the specific provisions which are to be adjusted shall be recommended by the Conference of Personnel Directors, Superintendent of Education, or the President of the University of Hawaii, as applicable, subject to the approval of

the respective chief executive, Board of Education or Board of Regents thus assuring uniformity as well as adequacy and pertinency of adjustments to be made.

Inasmuch as the respective exclusive representatives rendered important services in negotiating the adjustments in compensation, hours of work, conditions of employment and other benefits which these employers will receive, it appears reasonable and proper to require the employees who are benefited to pay the service fees to the respective exclusive representatives determined by the Hawaii Public Employment Relations Board to be reasonable.

Since the number of officers and employees excluded from appropriate bargaining units appears to be disproportionately large, your Committee recommends that the public employers reopen the question of exclusions with the respective exclusive representatives and Hawaii Public Employment Relations Board with the object of including a substantial number of these employees within appropriate bargaining units.

Your Committee on Public Employment is in accord with the intent and purpose of **S. B. No. 931, S. D. 1**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. No. 931, S. D. 1, H. D. 1** and be referred to the Committee on Finance.

Signed by all members of the Committee.

#### **SCRep. 784 Judiciary on S. B. No. 96**

The purpose of this bill is to allow an individual who is under the care of a duly licensed chiropractor or osteopath to be eligible to receive temporary disability benefits.

Your Committee believes that there is no valid reason for not permitting an attending chiropractor or osteopath to certify the disability of his patient nor why a person under the care of a duly licensed chiropractor or osteopath should not be entitled to receive temporary disability benefits.

After consideration, your Committee has amended this bill to require that a person certifying the proof of disability must submit it within seven "working days". Addi-

tionally, your Committee has amended the penalty provision by making it discretionary upon the director to levy such a penalty. It is your Committee's belief that a penalty should be imposed only when there is a continuous behavior of failure to submit such reports over a reasonable period of time.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 96**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. No. 96, H. D. 1** and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

#### **SCRep. 785 Finance on S. B. No. 192**

The purpose of this bill is to synthesize the public employees collective bargaining law with the means for adjusting pay rates in the salary schedules for blue collar positions under Sec. 77-5, Hawaii Revised Statutes, by preserving the existing structure and pay rates, subject to modifications, while deleting reference to "prevailing wages" and other inconsistent criteria.

Sec. 77-5 is the so-called "equal pay for equal work" law for blue collar positions. It provides for a biennial review of the pricing of blue collar classes by the conference of personnel directors and, where appropriate, adjustments in pricing to insure equal pay for equal work among State and county jurisdictions. It additionally provides for a survey of prevailing wage data in the community and the establishment of new rates based on this data which are to be recommended to the Legislature for adoption.

Enactment of Chapter 89, Hawaii Revised Statutes, being the public employees collective bargaining law, incorporated therein the equal pay for equal work concept and excludes this area from collective bargaining. However, under collective bargaining the rates within the wage board schedules are negotiable, making the provisions of Sec. 77-5 relating to the establishment of new rates based on prevailing wage data obsolete. This bill proposes to amend that statute by deleting reference to the construction of new salary schedules based on prevailing rates.

On the other hand, according to the State

director of personnel services, who testified before your Committee on companion **H. B. No. 341**, there is need for retention of salary schedules and rates currently contained in Sec. 77-5. One reason is that the structure of the salary schedules which includes number of grades and steps within each grade is **not** negotiable. In addition, the salary rates within the schedule are applicable to all blue collar positions until new rates are negotiated and approved as cost items by the Legislature. Present salary schedules contained in Sec. 77-5 will also continue to be applicable to positions excluded from collective bargaining, even after new rates become effective as a result of negotiations. Accordingly, therefore, the existing compensation plan was correlatively (and incidentally) modified.

The net effect of this bill, therefore, is to retain those provisions of Sec. 77-5 which relate to equal pay for equal work and the existing salary schedules under the modified compensation plan for blue collar employees while deleting those provisions which relate to negotiable items. In short, these amendments are intended to bring Sec. 77-5 in conformance with Chapter 89, Hawaii Revised Statutes.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 192** and recommends that it pass second reading and be placed on the calendar for third reading.

Signed by all members of the Committee.

#### **SCRep. 786 Finance on S. B. No. 157**

The purpose of this bill is to delete the statutory requirement of residency for at least one year as a condition for the filing of an application for examination as to veterinarians, and to increase the examination fee payable to the department of regulatory agencies from \$35 to \$100.

Amended hereby is Sec. 471-8, Hawaii Revised Statutes. In reporting upon **H. B. No. 195**, **H. D. 1**, relating to the one-year residency requirement as to examination of masseurs, your Committee, in **Stand. Com. Rep. No. 121**, recited that based upon an opinion of the attorney general, it was found that the residency requirement is unnecessary to insure competent practitioners and is, therefore, constitutionally defective on that basis. That finding applies here with equal force.

Raising of the examination fee as proposed is intended to bring the same as to veterinarians in line with that of other professions, and receives the support of the department of regulatory agencies administratively charged with administering it.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 157** and recommends that it pass second reading and be placed on the calendar for third reading.

Signed by all members of the Committee.

#### **SCRep. 787 Finance on S. B. No. 1008**

The purpose of this bill is to provide for adjustments of the maximum sum awarded to permanently and totally disabled workers for procurement of the services of an attendant whenever the maximum allowance is changed by law, and as to such workers who are presently receiving less than the maximum allowed by law.

Sec. 386-23, Hawaii Revised Statutes, which is hereby amended, presently allows the director of labor and industrial relations to award injured employees up to \$300 per month for procurement of the services of attendants where the services are constantly necessary. This provision was enacted in 1945, and from 1945 to 1955, the maximum allowed for the services was \$50 per month. Between 1955 and 1971, the maximum was \$150 per month. In 1971, the allowable amount was raised to the present maximum of \$300 per month. Prior to 1963, the liability for attendant services was assumed by the workmen's compensation special fund, since which this obligation has been placed upon employers and their insurance carriers.

Upon your Committee's hearing of companion **H. B. No. 1336**, it was learned that there are presently 10 totally disabled claimants who have been found to require the services of attendants. Five of them are receiving \$50 per month pursuant to the effective maximum at the time of their injuries, and four are receiving \$150 per month pursuant to the effective maximum on their injury dates.

This bill proposes to permit the director of labor and industrial relations to adjust the allowances for attendant services upon application of the claimants whenever the

statutory maximum is changed and to permit the director to adjust the allowances of those claimants who are now receiving less than the present maximum of \$300 per month. The adjustments would not be automatic, but payable only upon application to the director and his finding that the adjustments are necessary for the procurement of adequate attendant services. The supplemental adjustments would be payable from the workmen's compensation special fund.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1008** and recommends that it pass second reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. 788 Finance on S. B. No. 56**

The purpose of this bill is to authorize, with the consent of the governor and not subject to chapters 76 and 77, staffing for the commission on the year 2000.

The bill was heretofore amended imposing the conditions limiting employment and specifying appointment of a "program director and such other staff as may be necessary . . ." and under **Senate Stand. Com. Rep. No. 515**, effecting the same, it is stated that,

"The funds for a supportive staff to the Commission have been provided for in the Executive Budget for the 1973-75 biennium."

Your Committee notes that related to the appropriations recommended under **S. B. No. 1295, S. D. 1**, program allocations are requested in the sums of \$33,952 and \$32,626 for fiscal years 1973-74 and 1974-75, respectively. In **H. D. 1** thereof, of these sums, out of \$25,000 and \$26,000 requested each year for services on fee basis, your Committee has recommended reductions by \$21,000 in each year.

Your Committee amended the bill by (1) correcting the spelling of the word "governor" in line 6, and (2) reducing to lower case the word "Chapters" in line 11.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 56, S. D. 1**, as amended herein, and recom-

mends that it pass second reading in the form attached hereto as **S. B. No. 56, S. D. 1, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. 789 Finance on S. B. No. 1184**

The purpose of this bill is to allow owners of property in an agricultural district to dedicate a portion or portions of their land for landscaping, open space, public recreation and similar uses, similar to that which existing law allows of property owners in urban districts, which are exempted in determining and assessing the value thereof.

Sec. 246-34, Hawaii Revised Statutes, which this bill amends by the aforesaid addition thereto, presently permits the owner of taxable real property in an urban district (only) to dedicate a portion or portions thereof, subject to approval by the director of taxation, for the aforesaid purposes, and subject to zoning and related restrictions. The director must find that the public benefit is at least equal to the value of the real property taxes, and his approval of the petition constitutes a forfeiture by the owner of any right to change the use of the land for a period of ten years.

This bill would provide the same dedication alternatives to owners of agricultural property, as to which the same restrictions apply. Your Committee notes that under the rules and regulations promulgated by the department of taxation pursuant to Sec. 246-34(g), the director has established standards governing area and for the improvement and maintenance thereof; and it is believed that these requirements which also determine approval or disapproval of the petition for dedication provide adequate safeguards against potential abuse.

Your Committee has further amended the bill, as amended, by (1) drafting it in conformity with **House Rule 24(2)**, and (2) substituting the word "agricultural" for "agriculture" as modifying the additional type of district within which dedication may be made. (See Sec. 246-10(d) (5) describing the classification as "agricultural"). Furthermore, the phrase "or agricultural" was added to the heading of the amended statute in accordance with the proposed addition to Sec. 246-34(b) thereof.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1184, S. D. 2**, as amended herein, and recommends that it pass second reading in the form attached hereto as **S. B. No. 1184, S. D. 2, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. 790 Finance on S. B. No. 908**

The purpose of this bill is to conform the statutory scope relating to public defender services for indigent criminal defendants with presently prescribed constitutional and other statutory standards.

The bill amends Sec. 705C-1 by adding to and deleting therefrom so as to require the provision of legal counsel to any indigent who is (1) arrested for, charged with, or convicted of an offense punishable by confinement in jail or prison (presently, confinement must be for 30 days to be eligible for counsel), or for which such person may be subject to family court action, or (2) threatened by confinement, against his will, in any psychiatric or other mental institution or facility.

These proposals do not provide for any material changes to the objectives and scope of the current program; rather the effect would be merely to acknowledge recent changes in the law which have expanded the right to counsel for persons who are financially unable to obtain a private attorney, in all situations wherein they are now constitutionally or statutorily entitled to legal representation.

A recent U. S. Supreme Court decision, **Argersinger v. Hamlin**, provides that "no person may be deprived of his liberty who has been denied the assistance of counsel." In effect, this decision requires the appointment of counsel for any indigent criminal defendant who is charged with an offense for which he may be sentenced to confinement in jail or prison for even one day. Under Hawaii's existing statute, aforesaid, an indigent criminal defendant is entitled to counsel only if the offense involved is punishable by imprisonment for 30 days or more.

The bill also amends the public defender statute by providing for court appointment of "other counsel" where conflicting interests exist or where the defender is unable

to act. In all cases where appointed counsel is constitutionally or statutorily required, either the public defender or a court-appointed private attorney must provide the necessary legal services. This bill authorizes the public defender to provide the legal services in compliance with the mandate of the U.S. Supreme Court and the Hawaii Penal Code, always subject to court approval, and thereby minimize the use of court-appointed private attorneys, except, principally where conflicting interests exist.

The significance of having the public defender, rather than court-appointed private attorneys, provide legal services in as many cases as possible is largely economical. In testimony before your Committee by the public defender on companion **H. B. No. 1145**, it was stated that experience has "clearly demonstrated" that the cost of defender services per client is approximately 50% less than the cost per client of court-appointed private attorneys.

Moreover, the public defender anticipated that the recent U.S. Supreme Court decision and the new Penal Code will require legal services for an additional 2,000 persons during the 1973-1975 biennium. Thus, unless the public defender's office is authorized and staffed to handle these cases, court-appointed private attorneys will have to be utilized at substantially greater cost to the State, which will hereby be minimized by an estimated one-half.

Your Committee has amended the bill in conformity with companion **H. B. 1145, H. D. 1**, as amended by your Committee on Judiciary under **Stand. Com. Rep. No. 490**, and as we recommended upon under **Stand. Com. Rep. No. 622**. By the former, there was "deleted specific reference to detailed services provided under the original form of this bill," referring to the first full paragraph on page 2 in its entirety and the last half of the last paragraph, commencing with "provided that..." on pages 2 and 3.

Not only are these provisions subject to construction as restrictive, but their enumeration is unnecessary. The public defender, by the nature of the services he is required to furnish under the present statute, and as hereby otherwise amended, is implicitly authorized to undertake the prescribed proceedings—and also "other appointed counsel". Insofar as procedures



for determining minimum sentence and for revocation of parole, the Hawaii Penal Code, in Secs. -669(3)(c) and -670(2)(c), respectively, provides for the appointment of counsel upon request under these situations.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 908**, as amended herein, and recommends that it pass second reading in the form attached hereto as **S. B. No. 908, H. D. 1** and be placed on the calendar for third reading.

Signed by all members of the Committee.

#### **SCRep. 791 Finance on S. B. No. 1024**

The purpose of this bill is to authorize the Hawaii wing, Civil Air Patrol, to expend from the sum granted annually from the airport revenue fund for cost incurred in meeting the auditing requirements of CAP Manual 173-2.

In the Hawaii Revised Statutes, Sec. 261-6(a), as amended, provides that:

"The sum of \$56,000 annually is granted from the airport revenue fund to carry on the operations and defray the expenses of the Hawaii wing, Civil Air Patrol, **to be expended pursuant to this section on a statewide basis.**" (Emphasis added).

Sec. 261-6(b) then recites that there shall be expended from the sum granted "only such amounts as shall be needed", limited to five specified purposes relating to (1) repair and replacement of equipment, (2) expenses of rescue work and mercy missions, (3) aviation and civil defense training, (4) upkeep and replacement of communication equipment, and (5) purchase of aviation gasoline.

Clearly, therefore, the expending authority of the Civil Air Patrol is derived from and restricted to these enumerated powers, so that as to the imposition upon it of certain auditing requirements prescribed by CAP Manual 173-2 for which there is no express means of satisfying the cost prescribed, "without specific legislative authorization State funds could not be utilized for such purposes." (See **Senate Stand. Com. Rep. No. 382**).

Your Committee on Finance is in accord

with the intent and purpose of **S. B. No. 1024** and recommends that it pass second reading and be placed on the calendar for third reading.

Signed by all members of the Committee.

#### **SCRep. 792 Finance on S. B. No. 194**

The purpose of this bill is to impose penalties upon preparers of tax returns for improper use or disclosure of information obtained in preparing the returns.

Under present law, it is unlawful for any officer or employee of the State to make known intentionally, information imparted by any income tax return or declaration, or wilfully to permit any income tax return or declaration so made or copy thereof to be seen or examined by any person other than the taxpayer or his authorized agent; and any offense against these provisions is punishable by a fine not exceeding \$500 or by imprisonment not exceeding one year, or both.

In order to preserve the confidentiality of information provided by taxpayers to persons engaged in the business of preparing individual, corporate and fiduciary income tax returns, this bill provides for a penalty of not more than \$1,000 or imprisonment of not more than one year, or both, for disclosing such information. There is hereby offered the addition of a new section to Chapter 231 (Administration of Taxes) applicable as to disclosures except under Sec. 231-3 (department of taxation duties and powers) or a court order.

One further objective of this bill is to further conform Hawaii tax laws with the Internal Revenue Code, which provides as hereby proposed.

No funding is requested and none is recommended.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 194** and recommends that it pass second reading and be placed on the calendar for third reading.

Signed by all members of the Committee.

Signed by all members of the Committee.

**SCRep. 793 Finance on S. B. No. 910**

The purpose of this bill is to amend certain statutory fee provisions relating to horizontal property regime registration by (1) increasing from \$75 to \$250 the filing fee for notice of intention to sell condominium project offerings, and (2) establishing fees for issuance of a subsequent public report and supplementary public report at \$150 and \$75, respectively.

The filing fee which is required under Sec. 514-30 to accompany the written notification to the real estate commission before a condominium project is offered for sale as prescribed in Sec. 514-29, was established at \$50 when the law was first enacted in 1961, and administratively increased to \$75 pursuant to Sec. 92-28 in 1964. Increasing this filing fee to \$250, as proposed hereby, entitles the developer to issuance of a public report, whether preliminary or final, such as described in Secs. 514-34, also amended hereby, and 514-35.

Presently, these provisions on public reports do not provide for the payment of fees for their issuance by the commission; and even by the proposed amendment this remains so as to the first report (the cost of which, however, is reflected in the proposed increase of the notice of intention filing fee).

Your Committee has reviewed this measure as companion **H. B. No. 1147** upon which a hearing was held and in consequence of which it was found, as reported in **Stand. Com. Rep. No. 588** upon **H. D. 2** thereof that the current annual revenue derived from condominium filings is approximately \$4,500; the operating expenditure of the condominium program amounts to some \$31,250. Based on statistics of fiscal year 1971-72 (65 initial public reports, 43 subsequent public reports and 16 supplementary reports issued) the revenue under the proposed bill will be raised to \$23,900. This amount, however, although it still falls short of the costs for conducting the condominium program, should be considered together with the intended purpose of **H. B. No. 317, H. D. 1**, increasing the license fees paid by real estate brokers and salesmen, a principal consideration for which in **Stand. Com. Rep. No. 63**, your Committee stated was "so that, eventually, additional personnel may be hired to relieve the present staff in the professional and vocational

licensing division to enable them to keep up with the demand for services from applicants, licensees and consumers." The net effect of that bill, which, as amended, has passed third reading and has been transmitted to the Senate, it was estimated, will increase the real estate commission's revenue contribution to the general fund by approximately \$72,250 annually.

The Hawaii Association of Real Estate Boards as representative of the industry, previously testifying in favor of the license fee increase for the reason indicated, also supported this measure "if [the developer] could be assured of a definite time by which his public report would be made available." There was a contention that it presently takes 60 to 90 days; and it was submitted at the hearing that under heavy workload situations, after 30 days from the filing, there be an option to contract for a private consultant, fees to be paid by the developer.

Your Committee invited the real estate commission to comment upon the proposed amendment, and its written reply, through the licensing administrator of the department, upon reputed discussion with all concerned agencies (including the Board of Realtors) was unfavorable for reasons set forth in **Stand. Com. Rep. No. 513** upon **H. D. 1** thereof. However, following its passage on second reading, your Committee was informed by its chairman that the real estate commission had reevaluated its position and was in favor of the proposed amendment which was added to this bill by the Senate and which provides:

"When requested by the real estate commission, the director of regulatory agencies is authorized to contract with private consultants for the preparation of public reports required by this section. The cost of preparation of public reports by private consultants shall be borne by the developer, provided, however, that upon payment of the cost of the first public report, the developer shall be reimbursed one-half of the filing fee paid under section 514-30, or upon payment of the cost of subsequent or supplementary public reports, the developer shall be reimbursed one-half of the respective fee assessed therefor under this section."

It has been suggested by the department, however, that the amendatory provision might be more appropriately inserted as part of Sec. 514-44. Your Committee con-

curs, and the transfer has been effected by adding a new section 3 to the bill. The statutory heading has been amended to read: "Sec. 514-44 Request for public report or hearing by developer," and the amendment proposed hereby has been preceded by a further provision requiring that the request for a consultant-prepared report, which is to be made to the commission, is timely only after the expiration of thirty days from filing of the notice of intention to sell. Otherwise, and except for modifications thereto necessitated by its incorporation into the aforesaid section, the proposed amendment is left in tact. Thereafter, the existing provisions of the section, which require a hearing by the commission upon written request by a developer whose report(s) are not issued within a reasonable time or who is grieved by a report, is preceded by the amendatory clause that, "If the commission does not request the director to let the contract, or if the director determines not to let the contract . . .," the hearing requirement also applies.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 910, S. D. 1**, as amended herein, and recommends that it pass second reading in the form attached hereto as **S. B. No. 910, S. D. 1, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. 794 Finance on S. B. No. 993**

The purpose of this bill is to amend Sec. 213(b) (2) of the Hawaiian Homes Commission Act, 1920, by increasing the maximum which the department of Hawaiian home lands may guarantee the repayment of or otherwise underwrite an authorized loan, from \$20,000 to \$25,000.

By Act 259, Session Laws of Hawaii 1969, the subject provision was amended to authorize the department to make home loans to qualified homesteaders from a maximum of \$10,000 to \$20,000. Intended to accommodate increased construction costs, department experience of late has demonstrated that this limit is no longer adequate to meet current market prices: On 4-bedroom units, recent bids are at a minimum of \$18,500, not including an average cost of at least \$1,000 for cesspool requirements, and to which must be added an annual inflationary cost factor of some

10 per cent.

This bill, which is a companion to **H. B. No. 1321**, must be considered in relation to **H. B. Nos. 1322, H. D. 1, and 1156, H. D. 2**. The former, which adds subsection (k) to Sec. 213, authorizes creation of the "Hawaiian loan guarantee fund", and, as amended, appropriates \$500,000 out of general revenues thereto. The latter, as amended, amends Sec. 208(8) by increasing the aggregate amount of loans to lessees from governmental agencies which may be assured by the department from \$500,000 to \$2,000,000. These bills have been heretofore reported out of your Committee for action under **Stand. Com. Rep. Nos. 621 and 625**, respectively, and are presently reposed in the Senate.

Enactment of these proposals should alleviate the concern of those who contend that lifting the maximum guarantee ceiling per loan will proportionately decrease the number of units which can be constructed. Contrarywise, as your Committee stated in **Stand. Com. Rep. No. 626** upon companion **H. B. No. 1321**, we concur with your Committee on Water, Land Use and Development in **Stand. Com. Rep. No. 460** thereupon, that the adjustment fills the need "to provide homes commensurate to family size in an economic climate of increasing costs."

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 993** and recommends that it pass second reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. 795 Finance on S. B. No. 1100**

The purpose of this bill is to increase the minimum real property tax from \$1 to \$25 a year levied upon each individual parcel of real property taxable under chapter 246, Hawaii Revised Statutes, an amount not less than which is required to be shown on the tax rolls; and also to increase the assessment from \$1 to \$25 for each parcel of real property in districts which are completely exempt from taxation.

Amended hereby are Secs. 248-2(h), 246-47 and 246-21 under sections 1, 2 and 3 of the bill, respectively, in each case requiring the increase indicated.

Your Committee finds that this “minimum tax” of \$25 which shall be levied upon each individual **taxable** parcel of real property, and the “nominal sum” of \$25 for each parcel of **nontaxable** property is not and cannot be considered unreasonable in these affluent times in which values of real property have increased to a level unforeseeable when these statutory minimums were fixed over four decades ago. Certainly, current administrative costs of assessing, levying and preparing tax rolls as to such properties are substantially in excess of the present minimums.

Furthermore, as was stated in **Senate Stand. Com. Rep. No. 539** from the Committee on Ways and Means, under which this bill was transmitted:

“Your Committee also believes that this bill will help alleviate the serious fiscal imbalance which exists in the State today. Accordingly, your Committee is in accord with the reasonable method as provided in this bill to derive increased tax revenues for the general welfare of the people of the State.”

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1100** and recommends that it pass second reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

#### **SCRep. 796 Finance on S. B. No. 1284**

The purpose of this bill, as heretofore amended, is to consolidate into one special fund the functions now being accomplished by two separate special funds under chapter 364, Veterans Loans, of the Hawaii Revised Statutes.

Presently, as to chapter 364, all payments made under this chapter are deposited either into the veterans bonds fund and used to pay the principal on bonds issued under this chapter, or into the veterans bonds special fund and used first to pay the interest on bonds issued under this chapter and then to pay the expenses of the director in administering this chapter. To the extent that moneys in either of these special funds are inadequate for meeting their respective obligations, Sec. 364-9, hereby amended, provides for the appropriation of those moneys necessary for such payments out of the general fund of the

State.

Your Committee has been given to understand that, currently, while the veterans bonds special fund has moneys in excess of its annual requirements, the veterans bonds fund does not. In order that such excess moneys in either fund may be put to immediate use, and thereby possibly eliminate or reduce the need for an appropriation from moneys in the general fund, this bill, in its amended form, provides for the consolidation of these two funds into one solvent special fund, retaining the name “veterans bonds fund” and deleting all references to “veterans bonds special fund”. Accordingly, Sec. 364-12, providing for appropriations to meet the aforesaid obligations, is repealed; retaining, however, under Sec. 364-9 the allowance for temporary borrowing from other funds.

Finally, it is provided that all moneys in the veterans bond special fund (which is repealed) are transferred to the veterans bond fund.

In addition to correcting incidental errors in punctuation, your Committee corrected patent spelling errors transforming the instrument by which a mortgage conveyance is made in its plural form to the persons to whom such property is mortgaged, collectively, and vice versa. In section 1 of the bill, amending Sec. 364-9, the new material commencing at line 13, page 1, adding to the realizations which shall be paid into the veterans bonds fund, in the phrase “fees and charges received from mortgages or veterans under this chapter after service charges of mortgagees have been paid . . .” the references have been reversed so that the fees and charges are such as received from “mortgagees” (line 15), while the service charges are such as attributable to “mortgages” (line 16).

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1284, S. D. 1**, as amended herein, and recommends that it pass second reading in the form attached hereto as **S. B. No. 1284, S. D. 1, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

#### **SCRep. 797 Finance on S. B. No. 1274**

The purpose of this bill, as amended heretofore, is to appropriate from general

revenues the sum of \$100,000 “to defray increases in the salary requirements of legislative employees,” the allocation of the appropriated amount to be determined by joint action of the President of the Senate and the Speaker of the House of Representatives.

A reading of **Senate Stand. Com. Rep. No. 554**, under which this bill was transmitted, reveals that such funds are “to provide a 5.5% pay increase for government employees of the legislature and the legislative support agencies.” (Emphasis added). These agencies are those additionally appropriated for annually in the so-called “Legislative Expense Bill” (see, e.g., **H. B. No. 3, H. D. 1**; Act 1, Session Laws of Hawaii 1973).

This inconsistency between the bill, as amended, and the aforesaid Committee report expressive of its legislative intent, and under which it was recommended for action, has been remedied by further amendment to the bill: For the phrase, “legislative employees”, your Committee has substituted, “employees of the legislature and the legislative support agencies,” as expressed in said report.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1274, S. D. 1**, as amended herein, and recommends that it pass second reading in the form attached hereto as **S. B. No. 1274, S. D. 1, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. 798 Finance on S. B. No. 1386**

The purpose of this bill is to exempt certain appropriations made by (1) Act 68, Session Laws of Hawaii 1971, as amended by Act 202, Session Laws of Hawaii 1972; (2) Act 197, Session Laws of Hawaii 1971; and (3) Act 176, Session Laws of Hawaii 1972, for projects which qualify for federal-aid financing and reimbursement from the lapsing provisions contained in those Acts.

Act 201, SLH 1971, was enacted to lapse all prior capital improvements appropriations which were unexpended and unencumbered as of specified cut-off dates, with the intent that such released funds can be put to further use for other purposes.

In the legislative session which followed,

Act 74 was enacted, amending the lapsing dates in Act 201, SLH 1971, and exempting capital improvement projects which qualify for federal-aid from the lapsing provision. The exemption of federal-aid projects from lapsing of funds took into cognizance the greater time span needed for full implementation of such projects and the adverse consequences which will result if matching local funds were lapsed after federal-aid commitments were made.

Capital improvement appropriation acts enacted during the 1971 and 1972 legislative sessions were Act 68, SLH 1971; Act 197, SLH 1971; Act 176, SLH 1972; and Act 202, SLH 1972. Lapsing provisions were provided in each of these acts, but they did not provide for exemption of federal-aid projects.

The Legislature has long recognized that federal-aid projects for which funds have been appropriated must be expended in order to qualify for federal-aid financing and reimbursement; and that, therefore, the encumbrance and expenditure of these funds may require periods longer than the five-year lapsing period provided in the appropriation bills enacted by the Sixth Legislature.

The purpose of this bill is to correct this oversight in the 1971 and 1972 appropriation acts by allowing federal-aid projects in those acts to be exempted from lapsing. This is in consonance with legislative intent expressed in Act 74, SLH 1972, which provided such exemption.

Because of the State’s heavy involvement with federal-aid projects and your Committee’s awareness of the severe impact which can result from the lapsing of state funds committed to such projects, which total some thirty in number and cover airports, harbors and highways, passage hereof is advised. (See companion **H. B. No. 1876**).

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1386** and recommends that it pass second reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. 799 Finance on S. B. No. 51**

The purpose of this bill is to broaden the powers of the interdepartmental transporta-



tion control commission so that it may determine the number, size **and use** of transportation units of all kinds (instead of only "ground or over the ground" units) that may be within the territory of any island of the State at any one time; and, as amended herein, to allow the department of transportation to expend revenues out of the state highway fund to support the operations of the interdepartmental transportation control commission and programs designed to regulate and control motor vehicles and their operations.

The commission, established by Act 59, Session Laws of Hawaii 1972, has been mandated thereby to determine annually the number and size of transportation units of any kind that may be within the territory of any island of the State at any one time, to be made on the basis of preserving, safeguarding and enhancing the physical and mental health of the people of the State and the ecology and environmental quality of the State and upon consideration of the need for mobility of people and goods. These determinations are required to be reported to the legislature each year, based upon which statute requires that a bill be transmitted to the governor to limit the number and size of transportation units of any kind which may be within the territory of any island of the State at any one time for the ensuing fiscal year.

As to the foregoing, this bill proposes (1) to add the word "use" following "number and size" as describing the type of transportation units with respect to which the commission shall determine, and (2) to delete, as restrictive, the phrase "whether they operate on the ground or over the ground," upon the precept that the resultant expansion will allow the commission to further examine and evaluate transportation control strategies which discourage or restrict **the use of all** transportation units. (See **Senate and House Stand. Com. Rep. Nos. 258 and 580**, respectively).

To date, the commission has conducted a series of public hearings, and in meetings and staff research, it has developed a list of transportation control strategies which require actual examination and evaluation. As a result, during the first several years, the primary effort of the commission will be directed towards the control of automobiles, and the development of transportation control strategies to minimize the need for mobility and to find alternatives to auto-

mobiles.

In view of the constitutional problems that may arise as the result of any law limiting the number, size (and use) of automobiles, the commission has decided to examine and evaluate the transportation control strategies first before making any recommendation thereto, which will enable it to base recommendations on more substantial or compelling grounds.

Based upon its findings to date, the commission has recommended to the legislature that a voluntary vehicle emission inspection and maintenance program be instituted in the State on an experimental basis to be followed by a mandatory vehicle emission inspection and maintenance program based upon the experience gained from the voluntary program. The department of health, by Act 100, Session Laws of Hawaii 1972, already has the authority to set up a vehicle emission inspection program.

Since the number and size of transportation units are so closely related to their use, and since the commission in its deliberations has found it necessary to study their use, the bill was amended by the Senate so that the commission may limit not only the number and size but also the use of transportation units.

Therefore, based upon requests by the commission (1) by its chairman that state highway funds be authorized for use to support its operations and programs designed to regulate and control the operations of motor vehicles, and (2) by its executive that the provisions of **H. B. No. 1869, H. D. 1**, be incorporated hereinto. Your Committee held a hearing upon said measure, at which the chairman of the commission (who is also the director of transportation) testified substantially as follows:

In order for the commission to examine and recommend for enactment these transportation control strategies, state funding, supplemented by federal funds, will be required. In this regard, the commission's budget request for the 1973-75 biennium, seeking appropriation of funds from the state highway fund, has been incorporated into and presented in the governor's revised budget request.

The commission has recommended that revenues from the state highway fund be used to fund both the voluntary and manda-

tory vehicle emission inspection and maintenance programs. For the voluntary phase of emission inspection and maintenance, it is recommended that \$150,000 be made available from the highway fund to cover capital and operating expenses of state constructed vehicle emission inspection stations to be located on Oahu. Such request has been incorporated into and presented by the governor in his revised budget request, as aforesaid, which has been incorporated into the Executive Budget bill, **S. B. No. 1295, S. D. 1, H. D. 2**, as follows: (GOV 102)

		Total Biennium
FY 1973-74	FY 1974-75	FY 1973-75
\$64,315	\$65,914	\$130,229
(4.0)	(4.0)	

For the mandatory phase of emission inspection and maintenance, the commission has suggested that it may ask that an equal or greater amount of funds be made available; however, appropriate inspection fees may be instituted to cover part or all of the cost of such a program.

Presently, the moneys in the state highway fund may not be available for these purposes. However, your Committee concurs with the commission in its belief that it is only proper that moneys from the state fuel tax, deposited in the state highway fund, be made available and expended to support the operations of the programs of transportation control to alleviate and resolve these problems. Automobile users should pay for the control and abatement of the problems which they have created.

In effect, the bill will remove any legal barriers and provide that moneys from the state fuel tax, deposited in the state highway fund, be made available for the operations of the commission and programs dealing with the regulating and controlling of motor vehicles and their operations in the state.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 51, S. D. 2**, as amended herein, and recommends that it pass Third Reading in the form attached hereto as **S. B. No. 51, S. D. 2, H. D. 1**.

Signed by all members of the Committee.

**SCRep. 800 Finance on S. B. No. 37**

The purpose of this bill is to establish a permanent commission on population and the Hawaiian future, to serve the governor in an advisory capacity on all matters relating to population on planning; and, as heretofore amended by and transmitted from the Senate, to appropriate out of general revenues the sum of \$150,000 to accomplish its responsibilities.

The commission, which is to consist of eleven members, is appointed by and placed within the office of the governor, serves without compensation — except as to its executive secretary and staff — and is charged with certain enumerated functions under Sec. -4, including studies as to the effect of population growth and immigration upon state goals such as health, education and welfare; influencing population distribution; and state capacity of agriculture, natural resources, and others.

Upon its findings, the commission is required to report to the governor, the legislature and the people of Hawaii at least annually.

According to the Committee on Ways and Means, which, reporting hereupon in **Senate Stand. Com. Rep. No. 535**, recommended the appropriation herein:

“Your Committee has been informed that the establishment of a commission on population and the Hawaiian future is timely and will enable the State to be in an early position to be eligible for federal funds and funding from private foundations involved in ecological studies. The impact of in-migration and its effects are not yet unique to Hawaii. Our efforts to deal with the problems that uncurbed in-migration can create for a geographical entity such as ours, can serve to guide other states which may be faced with the same net population gain.”

It is noted that under Sec. -7, it is expressly provided that the sum appropriated “shall not include those funds which the commission has independently derived, in accordance with Sec. -4(9) . . .,” which relates to available funds from federal or other governmental agencies.

Your Committee has amended the bill technically as to several words and phrases throughout, as follows:

(a) The word “american” was capitalized

in Sec. -1, page 1, line 12.

(b) The word "hawaii" was capitalized in Sec. -4(4), page 3, line 21.

(c) The word "hawaiian" was capitalized in Secs. -2, -4 and -6, pages 2, 3 and 5, lines 10-12, 6 and 5, respectively.

(d) The word "State" was reduced to lower case in Sec. 4(4), page 3, line 23.

(e) The word "immigration" was changed to "in-migration" in Sec. -4(1), page 3, line 8.

(f) The phrase "with ETV and other means of distributing information" was changed to "with the Hawaii broadcasting authority and other agencies and media providing for the distribution of public information," in Sec. -6, page 5, lines 11-12.

(g) The reference to "sec. -4(9)" was capitalized in Sec. -7, page 5, line 19.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 37, S. D. 2**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. No. 37, S. D. 2, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

#### **SCRep. 801 Finance on S. B. No. 873**

The purpose of this bill is to provide for a central index with the State archivist of all studies initiated on a contractual basis by the State or any of its subdivisions, or any agency thereof. Under the bill, any initiating department is required to notify the State archivist of the initiation of any such study in the form of notice prescribed by the archivist, who shall then maintain a complete and current index of all studies so initiated and shall, at least semi-annually, send current copies thereof to the governor, the mayors of the respective counties, the legislative reference bureau and the legislative auditor.

The archivist may at any time request that a copy of any study or portion of a study be deposited with the archives, and this request shall be complied with, except when the governor or any mayor initiating a study determines that compliance would be con-

trary to the public interest. It is anticipated that this exception will accommodate studies in which there is involved or pertaining to litigation.

There is no provision for an appropriation, and, apparently, it is anticipated that the requirements hereof may be accomplished at the level of services funded over the ensuing biennium.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 873, S. D. 1**, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

#### **SCRep. 802 Finance on S. B. No. 1228**

The purpose of this bill is to delete the statutory requirement that the counties match State grants-in-aid for county capital improvement projects.

By Act 234, Session Laws of Hawaii 1965, the Legislature enacted Chapter 214, Hawaii Revised Statutes. Sec. 214-1 thereunder describes the system of grants-in-aid for county capital improvement projects thereby established, providing that:

"There shall be a state system of grants-in-aid to the several counties for the purpose of encouraging, stimulating, and assisting the economic development of the several counties by capital improvement projects which are a part of the general plan of the State, or which will reasonably strengthen the economic development of the counties."

Sec. 214-2, which is hereby amended, prescribes that:

"Money allotted under this chapter by the State shall be available to the several counties on a matching basis; provided that no part of state or county moneys which constitute the matched funds shall be expended for capital improvement projects which are not a part of the general plan of the State, or which will not reasonably contribute to the economic development of the county. The determination of (1) the extent of participation by the State on a matching basis, and (2) what capital improvement projects shall reasonably contribute to the eco-

conomic development of a county shall be made by the governor taking into consideration the State's goal for specific segments of its general plan and the financial position of the county."

Under this bill, all phrases containing the words "matching basis" and "matched funds" are deleted.

The justification therefor is found in the statement of "purpose and policy", extensively set out prior to amendment hereby in section 1 of this bill, and the essence of which is summarized in **Senate Stand. Com. Rep. No. 566** hereupon, as follows:

"In view of the many economic considerations, including the uncertainty of future state and county revenue, freeze on various federal funds to the states and new and costly mandates including the environmental control act, which may adversely affect the counties, this bill is deemed to be in the best interest of Hawaii's total populace."

Your Committee has amended the bill by deleting legislative findings (2) through (6) enumerated under section 1, leaving only that "in consideration of the state of the economy, it is necessary to remove the requirement that the several counties match all state grants-in-aid with their own funds."

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1228**, as amended herein, and recommends that it pass second reading in the form attached hereto as **S. B. No. 1228, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. 803 Finance on S. B. No. 402**

The purpose of this bill is to allow for taxpayer refunds upon real property taxes paid to the extent of any sewer use charge imposed by a "private person"; and, as heretofore amended, to allow each county to fix and adjust rates and charges for furnishing sewerage services, whether owned and operated by a governmental agency or by a private person.

As stipulated in the proposed statute, which adds to chapter 246, entitlement to remission requires, among others, that the

taxpayer own and occupy the real property as his home, that it be allowed only for one home per taxpayer, that husband and wife may not claim for separately owned homes unless living apart, that business firms not be allowed, and that the sewer system for which the charge is imposed is privately owned.

The amount remitted shall be such portion of the total tax on the property for the tax year in which such sewer use charge was paid, equal the amount of sewer use charge paid, but not more than the amount of the total taxes actually due and paid. Application must be filed before the end of the tax year involved; and any amount of taxes authorized to be remitted shall be refunded out of real property tax collections of the county concerned, or the refundable amount may be credited against real property taxes of the proper county due from the individual applying for the refund.

In the bill "sewer use charge" is defined as "a charge for disposal of water carried waste through a sanitary sewer system".

The provisions adding to chapter 46, that each county or department thereof engaged in the construction, maintenance and operation of waste disposal and sewerage systems in any ordinance or contract, shall have the power to fix and adjust reasonable rates and charges for the furnishing of sanitary sewerage services, whether owned or operated by any governmental agency or by a private person, was incorporated into the bill by the Senate because, according to its Committee on Ecology, Environment and Recreation in **Stand. Com. Rep. No. 466**, "Since pending federal legislation will require that users of sewage facilities share the expenses of sewage treatment, your Committee finds that this procedure will be in keeping with federal directives."

Meanwhile, your Committee finds that it is equitable for taxpayers to be allowed reimbursement for expenses incurred in the disposal of their sewage, a service usually otherwise provided for by public works.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 402, S. D. 1**, and recommends that it pass second reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. 804 Finance on S. B. No. 929**

The purpose of this bill is to authorize the department of planning and economic development to prepare a **plan** for the management of the State's coastal zone which complies with the requirements of the Federal Coastal Zone Management Act of 1972 (P.L. 92-583), which shall guide the department, the land use commission, and other agencies of the State and counties in implementation of the management **program** establishing objectives, policies and standards to guide public and private uses of lands and waters in the coastal zone.

In response to the National Oceanic and Atmosphere Administration which administers the Act, the governor has designated the department of planning and economic development as the State's planning agency to prepare the coastal zone management program for Hawaii. This measure provides the authorization to undertake the program, and use whatever appropriate funds and resources may become available (none are hereby appropriated) to match federal funds that may be made to coastal states. The federal matching share is two-thirds of the project cost.

Population growth and economic requirements have placed increasing and competing demands upon the lands and waters of Hawaii's coastal zone and have stressed the need for more effective protection and use of its land and water resources. Not only is this a matter of State interest, it is now a matter of national concern, and federal legislation has been enacted to encourage state and local governments to exercise full authority over the coastal zones under their jurisdiction. This bill is drafted as to grant state and county agencies the authority to implement the coastal zone management program in accordance with the basic plan, hereby to be developed. The provisions hereof will allow Hawaii to proceed with an early start on the comprehensive planning of its coastal resources which are economically, environmentally, and esthetically essential.

This bill is an administration proposal which has as its companion **H. B. No. 1142**, upon which your Committee had recommended favorable action, during which this bill, as amended, was received from the Senate. The amendment effected therein adds to the first sentence of section

2 the phrase, "which shall conform to the State Comprehensive Outdoor Recreation Plan as adopted." The sentence thus reads: "The department of planning and economic development shall prepare a coastal zone management program which shall set forth objectives, policies, and standards to guide public and private uses of lands and waters in the coastal zone, which shall conform to the State Comprehensive Outdoor Recreation Plan as adopted and include such other elements as may be required by the Federal Coastal Zone Management Act, or any amendment to that Act."

Your Committee is not aware of any provision of the State plan, the objectives, policies, and standards of which do violence to the federal Act; however, should the same become manifest in preparation of the plan that conformance to the former would result in noncompliance with the latter jeopardizing the receipt of federal funds, your Committee is confident the department will liberally construe the statute so as to readjust priorities in favor of the requirements of the latter.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 929, S. D. 1**, and recommends that it pass second reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. 805 Finance on S. B. No. 386**

The purpose of this bill, as heretofore amended, is to amend certain sections of the Hawaii Revised Statutes relating to claims (and recommendations) for relief and reimbursements against the State, by establishing the requirement that the same shall be submitted by the director of finance to the legislature for its consideration in an appropriate **legislative bill form**.

Under the present statutes which prescribe procedures relating to claims for legislative relief, the director of finance has been transmitting all of the claims and data, together with documents in support thereof and recommendations thereon, to your Committee and also to the Committee on Ways and Means of the Senate. These statutes, which are hereby amended, include Secs. 37-77 and 46-73, covering claims for refunds, reimbursements or other payments, generally and by any county, respectively; and Sec. 351-70, covering



awards by the criminal injuries compensation commission.

The foregoing procedures require much time-consuming hours of analyzing the numerous claims and accompanying data contained in the various reports for your Committee's consideration. In addition, your Committee, after compiling the various claims, is then required to draft a legislative bill incorporating the claims which were recommended for legislative relief for proper introduction in the legislature (See, e.g., **H. B. Nos. 593, 594; S. B. Nos. 227, 288**).

Requiring the director of finance to transmit the claims recommended for legislative relief in an appropriate **legislative bill form**, together with all accompanying data related thereto, will, your Committee believes, do much to facilitate and accelerate the process of considering and disposing of the various claims for legislative relief made annually.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 386, S. D. 1**, and recommends that it pass second reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. 806 Public Employment on S. B. No. 231**

The purpose of this bill is to insure that no person is discriminated against in state or county civil service because of sex, age, color, or ancestry.

Section 1 of this Act amends sections 76-1 and 76-44 to insure that no discrimination shall occur due to sex, age, color, or ancestry. Section 76-103, relating to veteran's preference, is amended to eliminate the discriminatory language in reference to the wives of veterans. A new section is added to chapter 76 to provide that the inclusion of sex, age, color, or ancestry in the provisions regarding equal opportunity shall not repeal or affect any existing law which prohibits, restricts, or controls the employment of minors; prohibits or prevents the establishment and maintenance of bona fide occupational qualifications; prohibits or prevents the termination of or change the employment of any person who is unable to perform his duties; affects the terms or conditions of any bona fide re-

tirement, pension, employee benefit, or insurance plan; repeals or affects any law prescribing maximum age limits for employees of the State or any county; or conflicts with the application of security regulations in public employment which have been established by the United States or the State of Hawaii.

We have amended this bill also to convert the positions of the non-civil service employees of the Hawaii International Services Agency into permanent civil service positions. The Hawaii International Services Agency was authorized under Act 198, Session Laws of Hawaii 1967 to assist Hawaii businessmen in international trade and commerce and actively to promote Hawaii's role in better East-West understanding. It has been of valuable service to Hawaii's business in promoting business opportunities abroad through its many activities such as conferences, trade missions and seminars.

This bill is further amended to provide for the establishment of a public service employment program to be administered by the department of social services and housing. Thereunder persons receiving full or partial public assistance from the State or receiving unemployment compensation and nearing exhaustion of their benefits and thereafter becoming eligible for public assistance will be eligible to be employed on public works projects under section 346-71 if they reside on an island where the primary economic base providing employment is lost or in danger of being lost. While these persons are employees of the department, the only state benefits applicable are workmen's compensation benefits.

In operating the program and determining eligibility, wide latitude is given the department in adopting rules pursuant to chapter 91 to establish workable standards.

Section 4 of the bill provides for conforming amendments to section 346-71 of the Hawaii Revised Statutes.

Your Committee on Public Employment is in accord with the intent and purpose of **S. B. No. 231**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. No. 231, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. 807 Higher Education on S. B. No. 623**

The purpose of this Bill is to provide for an increase in the number of scholarships and tuition waivers for the students of the University of Hawaii system.

The 1972 amendment to the National Higher Education Act and the accompanying appropriation provided for the continuation of the College Work Study program, the National Direct Student Loan program and the Economic Opportunity Grant program. The President's 1973-74 budget, however, provides funding for only the College Work Study program and eliminates entirely the National Direct Student Loan and Economic Opportunity Grant programs. The elimination of these programs would adversely affect as many as 2,000 students in the University system.

In order to allow the University to at least partially compensate both for the time lag in Federal decision-making and for the anticipated reduction in Federal financial aid, your Committee recommends that the Bill be amended to increase the amount of financial aid one per cent in 1973 and one per cent in 1974. The University has represented to your Committee that the loss of revenue to the State as a result of a one per cent increase in the total full-time undergraduate enrollment as recommended herein is \$36,452 per year.

Instead of loans and grants channeled through the colleges and universities, the Federal sources outline a new program called Basic Opportunity Grants (BOGs). These grants, first authorized by Congress last year but not yet funded, are brand new in two ways: First, they are **entitlements**—that is, if a student qualifies, the Federal government owes him or her the money; the appropriation is simply an estimate of how much money the qualified students will qualify for. Second, the student will deal directly with the Federal government (through a Federal contractor); the Federal funds never will come into the University's hands, except such part of it as may be used by the student to pay tuition and fees.

These current uncertainties in Federal programs of financial assistance to students will probably not be resolved prior to November, 1973. At this time, the expected

reduction from 1972-73 levels is about \$814,000 for the total University system. While the increase in allowable quotas will not completely compensate for the anticipated reduction, it will help alleviate the crisis particularly for those students from families in the \$6,000 to \$12,000 annual income brackets. The increased quotas plus the new definition of a financial aid unit should provide assistance to 1,000 or more students who are most adversely affected.

In view of this, your Committee recommends the following two amendments in the Senate draft:

1. Section of the bill relating to percentage of the total full-time undergraduate enrollment to be changed from nine to eleven;

2. Section of the bill relating to the date of the academic year to be advanced from 1975 to 1974.

Your Committee on Higher Education is in accord with the intent and purpose of **S. B. No. 623, S. D. 1**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. No. 623, S. D. 1, H. D. 1** and be referred to the Committee on Finance.

Signed by all members of the Committee.

**SCRep. 808 Higher Education on H. C. R. No. 114**

The purpose of this Concurrent Resolution is to request the Legislative Auditor to conduct an audit of the community college system of the University of Hawaii, including, but not limited to, the following:

1. The functions of each of the advisory committees;
2. Staffing problems if any;
3. Programs and their origins;
4. Community inputs and benefits;
5. Utilization of campus facilities during the class hours;
6. Finances
7. Problems in the collective bargaining procedures; and

8. Details of the faculty workload not covered in the **Audit of the University of Hawaii Faculty Workload.**

Inflationary elements on the economy are especially severe at this time and many sources of revenue have failed to keep pace or have declined. In light of this, the emphasis on higher education has been one of quality and excellence with austerity. It is imperative, therefore, that the State know to what degree fiscal input is being balanced by measurable educational output.

The community college system has been, and continues to be, an essential, massive and complex component of public higher education in Hawaii. Unfortunately, because each community college in the system differs in policies and practices, there exists a lack of sufficient data and documentation on the programs, faculty, staff, and other interrelated areas of concern.

Your Committee believes that if responsible fiscal support of high levels of educational productivity is to continue, comprehensive data on the operations of each community college in the system must be made available and utilized.

Your Committee on Higher Education concurs with the intent and purpose of **H. C. R. No. 114** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

**SCRep. 809 Higher Education on H. R. No. 450**

The purpose of this resolution is to request that the Legislative Reference Bureau re-evaluate the organizational structure of the College of Tropical Agriculture, University of Hawaii, and investigate various alternatives available to better meet the developing agricultural needs of the State. The study ought to include an investigation of decentralizing the College's program and budgetary responsibilities, disbursement of personnel, and restructuring the College into a Statewide division within the University system of campuses. The study should be submitted by the Bureau twenty days prior to the convening of the 1974 Legislative Session.

According to the resolution, diversified agricultural interests in the State depend

greatly on the research, extension and instructional capabilities of the College of Tropical Agriculture, presently located administratively on the Manoa campus. There are extension and research functions carried out elsewhere on Oahu and throughout other counties.

The resolution also states that the University is presently re-organizing Statewide functions and local campus responsibilities. Hence, it seems an appropriate time to reconsider and re-evaluate the research and extension responsibilities and functions of the College. It is clear that the study ought not to cover programs labeled in present budgetary terms (PPBS) "instruction".

Your Committee heard numerous kinds of testimony throughout this Session on the College of Tropical Agriculture, and on the particular functions and duties of the Hawaii Agricultural Extension Station (HAES) and the Cooperative Extension Service (CES). These are the major research and extension units respectively in the College of Tropical Agriculture.

Your Committee finds that the functions of these two units ought to continue, and some re-assessment made about the relationships between these two units and other University campuses. Such a re-evaluation appears feasible in light of present agricultural and economic trends in the State that remain variables for which there is yet no over-all policy.

Although the wording in the resolution distinguishes clearly between "research" and "extension" functions and "instruction", it seems clear that instruction will be affected. Present two-year campuses in the University system have not been planned to accommodate or promote these functions.

The larger issue seems to be whether or not undergraduate educational institutions ought to be charged with these functions. "Research" seems more appropriate to campuses which have adequate equipment and staffing. "Extension" functions, on the other hand, are oriented toward public service, and hence, are more appropriate than "research" for undergraduate campuses.

Your Committee requests, therefore, that the study re-evaluate specifically the areas mentioned in the "be it resolved clause."

Because University budget considerations are still problematic, we leave the deliberation of any dollar amounts required by the study to your Committee on Finance.

Your Committee on Higher Education concurs with the intent and purpose of **H. R. No. 450** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

**SCRep. 810** Higher Education & Education on **H. R. No. 451**

The purpose of this Resolution is stated in its title. To study this working relationship, the Speaker of the House is requested to appoint a joint interim committee composed of members of the House Higher Education Committee and the House Education Committee. Your Committees have become aware that there is a definite lack of coordination and articulation between the Department of Education and the University of Hawaii where curriculum is concerned. Your Committees have requested the University and the Department of Education to work together in various areas, but have been less than satisfied with the results. In the area of curriculum, the Committees are voicing a very clear request.

Your Committees heard testimony from Hubert Everly, the Dean of the College of Education. Mr. Everly stated that the DOE and the College are ready and willing to participate in the joint interim hearings and will supply all the material necessary.

He presented several documents of relevance to the Committees' deliberations. They were: "Report on Senate Resolution 33, Requesting the College to Report on its Teacher Preparation Program", and 1972-73 Data on the College, both showing graduate figures. Earlier documents presented to the Committee on the College include the "Joint Agreement" of February 25, 1970, cited in the Resolution and information on the University of Hawaii Curriculum Research and Development Group, which appeared as testimony before the House Finance Committee on February 22, 1973.

Your Committees find that despite these formal documents, there still remain many areas in which coordination and articulation, in other words, a "viable", "working" relationship between the University of Ha-

waii and the Department of Education, specifically in curriculum might be established. We hope that problems and issues on this relationship might be raised as well as plans for implementation be discussed through an interim study. It is our desire to carry out the spirit of cooperation through initiating "coordination." We hope to consult widely and broadly with persons at both agencies specifically in the areas of:

1. Curriculum research,
2. Curriculum development,
3. Curriculum planning,
4. Curriculum coordination,
5. Curriculum implementation, and
6. Curriculum evaluation.

Furthermore, we stipulate that these areas include innovative programs such as Three-on-Two and the Hawaii English Project—over and beyond plans and reports thus received by the Education Committee at public hearings of this Session.

Both Higher and Lower Education Committees are charged with "formal education", for the State, and we believe that an interim study specifically on curriculum areas might able both agencies to pay heed to current and future policies on programs as well as teacher supply and demand.

Dean Everly offered two clarifications in the resolution. He stated that teachers in innovative programs who need in-service workshops are those from the mainland rather than local University of Hawaii trained teachers. He also said that the University and the Department of Education had indeed taken action to curtail the over supply of teachers, as indicated in the reports he submitted.

In light of this testimony, your Committees recommend that the last two "whereas" clauses on page one of the original resolution be deleted.

Your Committees on Higher Education and Education concur with the intent and purpose of **H. R. No. 451**, as amended herein, and recommend that it be referred to the Committee on Finance in the form attached hereto as **H. R. No. 451, H. D. 1.**

Signed by all members of the Committee.

**SCRep. 811 Public Employment on S. B. No. 59**

The purpose of this bill is to eliminate the special requirements and provisions of State law relating to maternity leave. These special provisions are discriminatory and illegal under the Federal Equal Employment Opportunity Act.

Your Committee on Public Employment is in accord with the intent and purpose of **S. B. No. 59** and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

**SCRep. 812 Public Employment on H. R. No. 63**

The purpose of this Resolution is to request the Department of Personnel Services to resume the classification survey of clerical positions.

In January, 1971 the Department of Personnel Services called for a clerical survey for positions in a number of classes. However, this survey was suspended in November, 1971 because of the State's adverse economic condition.

The clerical survey was to have updated and amended various classes within the State's classification system. An example of classes that were to be affected by the survey included Clerk I, II, III, Typist I, II, III, Account Clerk, Stenographers, and Secretaries.

The pricing concept used for these classes are basically the same as existed in 1956. In recent years, new classes have been created in State government which reflect a more current type of concept and pricing rationale. In view of this, people classified in the older classes are being unfairly discriminated against.

Your Committee has amended this Resolution to provide that the clerical survey shall be resumed immediately upon adoption of this Resolution and that the survey be completed and submitted to this House at least twenty days prior to the convening of the 1974 Legislative session.

Your Committee on Public Employment

concurs with the intent and purpose of **H. R. No. 63**, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as **H. R. No. 63, H. D. 1**.

Signed by all members of the Committee.

**SCRep. 813 Public Employment on H. R. No. 449**

The purpose of this resolution is to request the Legislative Auditor to study the State's data management structure and operations to determine its effectiveness in meeting the data-processing and analytical needs of the State's research and administrative offices.

Your Committee on Public Employment concurs with the intent and purpose of **H. R. No. 449** and recommends it be referred to the Committee on Finance.

Signed by all members of the Committee.

**SCRep. 814 Public Employment on H. R. No. 458**

The purpose of this Resolution is to request the State and county governments to provide training in advanced first aid care for all public safety firemen, lifeguards and other persons likely to be faced with emergency situations.

Your Committee on Public Employment concurs with the intent and purpose of **H. R. No. 458** and recommends it be referred to the Committee on Finance.

Signed by all members of the Committee.

**SCRep. 815 Judiciary on H. C. R. No. 103**

The purpose of this Concurrent Resolution is to request the appointment of a joint interim committee to receive and report on the study of the Public Utilities Commission conducted by the Legislative Auditor's Office.

The Legislative Auditor's Office is conducting a study at the present time on the laws, policies and procedures of the Public Utilities Commission. The scope and complexities of the functions of the Public Utilities Commission are both vast and intricate. Such study which is expected to be completed in the very near future, is similarly expected to be voluminous and



complex.

Accordingly, it is in the public interest that an Interim Committee be established by the Seventh Legislature of the State of Hawaii, during this Regular Session of 1973 to pursue such study sufficiently in advance of the 1974 session, in order that effective groundwork may be laid before that session to effect such necessary legislation as may result from legislative consideration of such study.

Your Committee on Judiciary concurs with the intent and purpose of **H. C. R. No. 103**, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as **H. C. R. No. 103, H. D. 1**.

Signed by all members of the Committee.

**SCRep. 816** Water, Land Use and Development on **S. B. No. 1002**

The purpose of this bill is to provide a means to place in public ownership and management lands which have a natural, environmental, recreational, historic or scenic value.

This would be accomplished by authorizing the Board of Land and Natural Resources to acquire and manage such lands and to assist the counties in a like program of acquisition and management of lands. These lands would be for public use and the acquisitions, by purchase, gift or the exercise of the power of eminent domain, would require approval of the governor.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of **S. B. No. 1002, S. D. 1** and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

**SCRep. 817** Select Committee of Oahu Representatives on **H. R. No. 271**

The purpose of this resolution is to request the City and County of Honolulu to initiate action for the transfer of land at Kanewai Park from the State of Hawaii to the City and County of Honolulu.

At the present time there are about six undeveloped acres adjacent to Kanewai

Park which belongs to the University of Hawaii. This land is particularly suited for park and recreational use; and to extend the facilities at Kanewai Park.

It is expected that the presently expanding demand for the use of the facilities at Kanewai Park will continue to grow throughout the foreseeable future. With the present demands already severely taxing its availability to the population in the neighborhood and at the University of Hawaii, it only makes good sense that the City and County of Honolulu should initiate immediate action for the transfer of such land for the purpose of expanding Kanewai Park.

Your Select Committee of Oahu Representatives concurs with the intent and purpose of **H. R. No. 271**, as amended herein, and recommends its referral to the Committee on Finance in the form attached hereto as **H. R. No. 271, H. D. 1**.

Signed by all members of the Committee.

**SCRep. 818** Select Committee of Oahu Representatives on **H. R. No. 481**

The purpose of this resolution is to seek the preservation of Kaiaka Point in Waialua, Oahu, as a beach park.

Your Committee is concerned with the need to preserve Oahu's dwindling shoreline resources for the people's public enjoyment. It may have been excusable several decades ago to have been shortsighted about the dire prospects of Oahu's shoreline. The pressure of population growth and the general awakening of the concern of the people of Hawaii upon matters of ecology and recreation, have made it all too plain that if effective steps are not taken now to preserve Oahu's resources, what we have enjoyed in our own time and have taken for granted as a part of this, our Hawaiian way of life, will become lost for all posterity.

Turning to this "our Hawaiian way of life," your Committee recognizes the very fond memories of countless numbers among our people regarding the Palama Fresh Air Camp, the summer Boy Scout camps, and the camp outings of many, many youth clubs and church groups—all held and enjoyed at Kaiaka Point for a period of 50 years.

In more recent years, a distinct social and psychological disadvantage has been recognized which differentiates the children mired in cramped quarters of the inner-city from their more fortunate brothers and sisters. The difference lies in the relative inability of many among the former category of children to readily utilize basic concepts that appear in constant reference in our society. Such inability stems from lack of familiarity with basic enjoyments and experiences that have now become matter-of-fact in the growing affluence of our society. In other words, the vocabulary of society reflects its general level of affluence, and children who are deprived by their circumstance from experiencing basic enjoyments of society, become cut off in their social and psychological growth.

It is in this regard that public agencies addressed to socio-economic and educational concerns throughout the many cities of our nation have turned to find ways of upgrading experiential opportunities for deprived children. Your Committee recognizes that, that in fact was what the Palama Fresh Air Camp had been all about.

Inquiries with the City and County of Honolulu indicate that in similar recognition of the concern described above, concerted action has been taken to avail recreational activities to children in the more densely populated areas of Honolulu. One such endeavor has been the attraction of campings and outings made available generally in the "Summer Fun" programs and the special programs directed to needy areas throughout the year. It is indicated that the success of these outings have been tremendous, and is limited only by the present and prospective limitation of available facilities.

Moreover, it is the City and County's experience that on three-day weekends, family camping permits are all reserved at least one week in advance and very often two and three weeks in advance. Your Committee recognizes the multitude of people that flock to the beachside camping grounds on Oahu. The expectation is that our growing population will continue to increase this demand. There may come a time when reservations will have to be made months in advance.

Your Committee appreciates the common theme in the Oahu General Plan, the

State's Comprehensive Outdoor Recreation Plan prepared by the Department of Planning and Economic Development, the Overview Report and the many studies that have commented on the preservation of our coastline. It is in this respect that Kaiaka Point represents one of the few remaining prime coastline areas on Oahu that is ideally suited for camping and fishing.

Kaiaka Point makes up the Eastern arm of Kaiaka Bay, which is the outlet for the confluence of Kiki and Paukauila streams. Located at Waialua, its 52 acres are far from the pressured pace of Honolulu and permit the enjoyment of peaceful repose. To do just that, it boasts a relatively flat topography, a sand beach and a rich grove of trees—trees that had been located and permitted to mature over many, many years to best accommodate outdoor recreation and camp outings. To open it for camping, relatively little improvement would be required aside from connecting the necessary utilities and setting up sanitary accommodations.

Your Committee notes that in Hawaii, there is one thing among everything else that potentially binds the common experience of our children. It is the natural beauty of our Islands which prompts the love of the outdoors. When, as it is now, the pressure of population growth and demand for housing are placing tremendous strain on our outdoor resources, it becomes incumbent to take every proper course to preserve that common experience.

It will be a very sad and dismal time, when even a solitary child of Hawaii is unable to speak in the vocabulary of outdoor camping experience or if the names of those botanical, geographical and biological things that make Hawaii uniquely beautiful become alien to him simply because our facilities are unable to accommodate him. Just as others before us saw the value of the Palama Fresh Air Camps and many other very similar endeavors that tried to reach even the poorest among us to obtain that common experience, it is your Committee's feeling that our generation must look to the welfare of those that follow us.

Your Select Committee of Oahu Representatives concurs with the intent and purpose of **H. R. No. 481** and recommends its referral to the Committee on Water, Land Use & Development.

Signed by all members of the Committee.

**SCRep. 819 Finance on S. B. No. 1076**

The purpose of this bill, as heretofore amended, is to establish, within the department of social services and housing, a **housing location service** to work cooperatively with the Hawaii housing authority for the purpose of locating housing for welfare recipients at the lowest available rates; and furthermore, to provide for the establishment of priorities for servicing of recipients and conditions under which recipients may refuse available low rent housing.

Also, as heretofore amended, the bill provides for an appropriation of \$65,000 to the department of social services and housing for the purposes hereof.

In the course of deliberations upon the State budget for programs during the 1973-75 fiscal biennium, your Committee found that requirements relating to housing payments to welfare recipients account for over 45% or more than \$100 million of the total requirements for recipients. Due primarily to the short supply compared to the great demand for affordable rental housing units, costs of this program are projected to show an increase in excess of 50% over the previous biennium compared to a 30% increase in the estimated number of families to be assisted. Aware of this alarming pattern, this bill proposes to provide housing assistance to welfare recipients and thereby reduce the shelter cost of the public assistance program.

This concept is consonant with the recommendations of your Committee contained in **Stand. Com. Rep. No. 732** on **S. B. No. 1295, S. D. 1, H. D. 1**, the General Appropriations bill of 1973. At page 8 thereof, it was noted that the department of social services and housing has developed, and originally had planned to implement in February, a flat grant plan. Basically, the plan provides for flat grant payments of financial assistance, which is a monthly standard of allowance for all items of financial aid. The proposed method is an attempt to provide a more equitable, less demeaning, and more efficient means of providing financial assistance to the needy.

Commenting with reference thereto, your Committee stated:

"Because of the acute problem of housing scarcity and the related problem of high rental costs, your Committee recognizes that immediate imposition of the full flat grant plan may cause hardship to some recipients. Therefore, it is directing the department to implement, initially, a partial flat grant plan which excludes assistance for rentals and to defer until January 1974 the implementation of the complete flat grant plan. In the interim, the department is expected to establish a **housing relocation unit** to assist recipients in finding lower cost housing where existing rentals exceed what would be provided for by the flat grant plan. Your Committee expects the department to submit to the 1974 legislature a preliminary evaluation of the flat grant program so that assessment can be made as to whether the program is accomplishing its objectives." (**Stand. Com. Rep. No. 732, supra.**) (Emphasis added).

Intentionally, however, because the costs of such a program are not directly related to the immediate fiscal requirements of assistance for housing, your Committee did not provide an appropriation therefor in the budget document, as amended. Nevertheless, the department of social services and housing has estimated the 1973-75 biennium cost of personnel for the provision of such a service (e.g., 1 supervisor, 2 location specialists, 1 clerk, 6 aides) to be \$166,994, of which, 63.74% will be federal participation funds.

It is noted, finally, that there has been an interchangeable use of terms as between "housing relocation unit" (see, e.g., **Stand. Com. Rep. No. 752** hereupon from your Committee on Housing) and "housing location service". The latter term is technically accurate under the bill in its present form, as modified by the Senate Committee on Human Resources under **Stand. Com. Rep. No. 336** hereupon, in which it is stated:

"Your Committee has amended the bill to create a housing location service rather than a housing relocation unit. Your Committee feels this amendment will broaden the scope of service rather than limit such service to mere relocations."

Upon further consideration of housing concerns, your Committee believes that in addition to providing for a housing location

service for the purpose of locating housing for welfare recipients at the lowest available rates, serious effort should be made to alleviate the existing critical housing demand through means which shall allow expeditious development and construction of safe and decent housing projects for families of low and middle income. Accordingly, your Committee has amended the bill to provide such means.

The bill, as amended by your Committee, establishes temporary emergency measures to expedite the development and construction of safe and decent housing projects for families of low and middle income by circumventing the existing bureaucratic process which perforce delays the review and approvals of housing projects. The governor is authorized to make a determination that an area is a critical housing shortage area and to select a housing project site within a critical housing shortage area after a public hearing on the matter following due public notice. The governor is then authorized to issue approval of plans and specifications and related documents for any housing project within the critical housing shortage area, and the plans and specifications and related documents so approved shall constitute the standards which shall be deemed to comply with the laws, ordinances and regulations of the state or county which govern the housing projects.

The governor may impose conditions to the approval as he shall deem appropriate to assure early completion of the housing project and the sale, lease or rental thereof to low and middle income families at the lowest prices as practicable. The governor shall also impose conditions of expiration or withdrawal of such approval to secure performance of the development in a timely fashion. Also, to discourage speculation, an approval shall automatically expire if the housing project is assigned in any way to another person.

Certain limitations have been built into the bill. Inasmuch as your Committee finds that the densely populated counties suffer the most critical housing shortage, and, by the vast number of housing projects being processed within such counties, also suffer the extreme delays in the processing of the review and approval of the housing projects which the bill seeks to correct, the governor may make determination of critical housing shortage areas only within counties

with a population of over 100,000 persons.

Secondly, the aggregate number of dwelling units contained in the housing projects approved by the governor cannot exceed 2000 per each of the two twelve month periods. While the 2000 units per twelve month period falls far short of the number of units necessary annually to meet housing demands, your Committee feels some check and caution are desirable in embarking on this novel and emergency experiment.

Finally, the amendment proposed by your Committee is intended to provide temporary emergency measures; therefore, an expiration of these measures has been provided to take place two years from the effective date of the Act.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1076, S. D. 2**, as amended herein, and recommends that it pass Third Reading in the form attached hereto as **S. B. No. 1076, S. D. 2, H. D. 1**.

Signed by all members of the Committee.

#### **SCRep. 820 Judiciary on S. B. No. 1103**

The purpose of this bill is to establish regulation of the "options on commodity futures contracts" business. An "option on commodity futures contracts" is a warrant to buy a certain quantity of a commodity at a set price in a set period of time. The attraction of this type of investment has been the fact that the investor is able to limit his losses to the amount of money he puts up, while the prospect of gain is theoretically limitless.

Options on commodity futures contracts with respect to certain commodities such as wheat, corn, cotton, etc., are subject to regulation under the Commodity Exchange Act. However, a few commodities do not come under such regulation, and it is the business of trading in options on commodity futures contracts with respect to such unregulated commodities that have been the subject of much controversy, litigation and loss to investors in recent months. Section 485-1(12) has been amended to conform to Act 143, S.L.H. 1969.

The Department of Regulatory Agencies has supported this bill and has offered ad-

ditional amendments which have all been incorporated into the amended form of this bill.

As amended, this bill will:

(1) Include options on commodity futures contracts among the type of securities that must be registered by qualification, except in the case of those subject to regulations under the Commodity Agency Act which are specifically exempt under Section 485-4;

(2) Require a prospectus in such registration by qualification disclosing generally, among other things, the following:

(A) The total value to be offered;

(B) Method of calculating the offering price;

(C) Method by which the offering is to be made;

(D) Policy to be followed to assure sufficient funds to pay upon exercise of the options; and

(E) Facts relating to the affected interest in the options to be offered.

In addition, this bill, as amended, includes specific provisions that requires the offerer: (1) to have a minimum paid-in capital of \$100,000 and, (2) to cease operation at the end of any business day that its "cash value goes below 125 percent of its open option cash position".

In explanation, it should be pointed out that the forms of criticism of the trade in options on commodities futures contracts has been focused on the reluctance of the brokers to hedge sufficiently to ensure that they can pay out on their obligations upon their exercise. It appears that this is the main area of contention in recent law suits.

Your Committee feels that this bill, as amended, will afford protection to the investing public in an area that lacks government regulation, and that this should be the first step in looking for appropriate solution while the federal and state agencies throughout the nation is as yet attempting to come to grips with this somewhat new breed of investment.

Your Committee on Judiciary is in accord with the intent and purpose of S. B. No.

1103, S. D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S. B. No. 1103, S. D. 1, H. D. 1 and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

#### SCRep. 821 Judiciary on S. B. No. 722

The purpose of this bill is to provide an incentive to a person who rents a motor vehicle to return it to its lawful owner.

Your Committee finds that rental agencies have been plagued for a number of years with overdue and abandoned vehicles. Presently, there is no legal means available to compel a person to return the vehicle when it is overdue. This proposed bill would make it a misdemeanor if a person intentionally fails to return a rental motor vehicle.

Your Committee has made certain technical amendments to this bill to show in the title heading a penalty is to be imposed and in the body that an "offense" is committed when a person fails to return a rental motor vehicle. Additionally, it is your Committee's belief that, because of certain unforeseen circumstances, a person may be unable to return the motor vehicle within the contracted period. A provision allowing such a person to return the vehicle within forty-eight hours after the time stated on the rental agreement has therefore been added.

Your Committee on Judiciary is in accord with the intent and purpose of S. B. No. 722, S. D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S. B. No. 722, S. D. 1, H. D. 1 and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

#### SCRep. 822 Judiciary on S. B. No. 109

The purpose of this bill is to limit the ability of a real estate broker to act as an escrow depository when he represents a party to the escrow.

Under present law, a real estate broker can, and frequently does act as an escrow depository in real estate transactions. This bill, in its present form, would allow a real estate broker to act as an escrow as



long as he does not charge any escrow fee.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 109, S. D. 1** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. 823 Judiciary on S. B. No. 1017**

The purpose of this bill is to prohibit any person to act as a guard who has not been duly licensed.

This bill would provide that any person who acts as a guard (1) when the guard work is concurrent with other duties performed under the agreement of employment, or (2) when the guard work is not the principal fact of the employment, must first obtain a license to do so. It should be noted that the sanctions set forth in Section 463-15, Hawaii Revised Statutes, that is \$500 or one year imprisonment, is applicable in the event any person violates this section, if enacted.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 1017** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. 824 Judiciary on S. B. No. 1382**

The purpose of this bill is to transfer the members of the Capitol security guard force from the Department of Defense to the Department of the Attorney General.

By this transfer it is intended by your Committee that the Department of Defense shall retain employees engaged as security guards for national guard and civil defense facilities. The transfer of security guards to the Department of the Attorney General shall be those security guards presently assigned to the Capitol Security Complex. Your Committee has amended this bill by inserting "Capitol Security Complex" in lieu of the phrase "State Capitol, Washington Place, and the Judiciary Building". It is intended by your Committee that the "Capitol Security Complex" shall mean the State Capitol and other state buildings. Further, it is to be emphasized, as stated in this bill, that this transfer shall in no way

change the civil service status, result in a reduction of salary range and other items enumerated in Section 3 of this bill.

Your Committee has amended this bill and inserted in Section 1, Sec. 121-9, Hawaii Revised Statutes, relating to the duties of the adjutant general and have made an appropriate amendment thereto to reflect the intent of this measure as indicated in the foregoing paragraph. Accordingly, Sections 1 through 5 have been redesignated Sections 2 through 6.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 1382, S. D. 1**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. No. 1382, S. D. 1, H. D. 1** and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. 825 Judiciary on S. B. No. 622**

The purpose of this bill is to clarify the law relating to the Uniform Controlled Substances Act.

Presently, practitioners, which include doctors, dentists and veterinarians, are prohibited from directly dispensing any controlled substances, even to their patients. This bill would allow practitioners to dispense drugs under certain prescribed situations; namely, (1) emergency situations, and (2) directly to their patients.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 622, S. D. 1** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. 826 Judiciary on S. B. No. 87**

The purpose of this bill is to facilitate cancer research in Hawaii by providing for the collection and use of information contained in the Hawaii Tumor Registry.

Your Committee held a hearing on this bill and heard testimony from the Department of Health, the American Cancer Society, the Queen's Medical Center, the Hawaii Medical Association, and others. The testimony generally favored passage of this measure with certain reservations con-

cerning the confidentiality accorded to a patient.

Your Committee finds that the Hawaii Tumor Registry, established in 1960, is the central tumor registry for the entire State and receives abstracts and reports of all cancer cases diagnosed or treated at any hospital in the State. The information contained in the registry would be most valuable in terms of research to combat the second leading cause of death, cancer. However, the present law, as interpreted by the Attorney General, forbids the Department of Health to disclose the identity of the patient or his physician to non-departmental personnel, virtually stifling research based on the information contained in the Hawaii Tumor Registry.

This bill proposes to make such information available in certain instances. Section 324-21 would allow any person to provide information relating to cancer to the Hawaii Tumor Registry and exempts such person from suit for having provided the information. Section 324-22 provides that the material collected can be used or published only for the purpose of advancing medical research, medical education or education of the general public, except that the registry may reveal all relevant information to a patient's attending physician. Your Committee has amended Subsection (a) on page 2, line 9, the word "patient" to read "patient's". Additionally, this section provides that the patient's identity will remain confidential. However, securing more information directly from a patient is allowed provided approval is first obtained from the patient's physician. Your Committee has amended Subsection (b) by substituting for "upon" at page 2, line 17, the word "from" to make clear that only when information is to be obtained directly from a patient need the attending physician's approval be obtained, thereby enabling use of any information concerning the patient not obtained directly from the patient without any prior approval.

However, your Committee has amended Subsection (c) of Section 324-22 to provide that where the patient is still alive and additional information is to be obtained directly from the patient, approval must first be obtained from the patient, his immediate family or the patient's attending physician, in that order of priority.

Section 324-23 provides for confidential-

ity in court proceedings and Section 324-24 provides a penalty for any violation of this proposed new part. Present Section 324-43 as amended in this bill will allow use of names when requesting additional information for research.

It is your Committee's belief that this bill, as amended, will provide for and facilitate the need for cancer research in Hawaii.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 87**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. No. 87, H. D. 1** and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

#### **SCRep. 827 Judiciary on S. B. No. 1155**

The purpose of this bill is to allow an officer with a lawful warrant of arrest to pursue and arrest the accused in any part of the State.

Under present law, an officer is precluded from arresting an accused person who is outside the jurisdiction of the court issuing the warrant. In order for the officer to pursue and arrest the accused, he must first obtain an indorsement with proper words of authority from some circuit judge or district judge on the island where the actual arrest is made. This bill would remove these requirements and will allow the officer to pursue and arrest an accused anywhere within the State.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 1155, S. D. 1** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

#### **SCRep. 828 Judiciary and Corrections and Rehabilitation on S. B. No. 920**

The purpose of this bill is to adopt and implement that portion of the Hawaii Correctional Master Plan pertaining to the management and establishment of intake service centers, correctional facilities and programs.

Your Joint Committees on Judiciary and Corrections and Rehabilitation (hereafter

Committee) do not believe that the State of Hawaii should be committed to making appropriations to implement the Plan until such time that firm expenditures can be formulated. Your Committee is also concerned about when the transfer is to take place.

After carefully reviewing this measure your Committee has made the following amendments:

1) on page 1, lines 1 and 2, the phrase "and implement that portion of" has been deleted; between "Plan" and "pertaining" on line 2 was inserted the words "in concept".

2) on page 2, lines 6 and 14 were inserted the words "when authorized" to clearly indicate that unless the approval of the governor has been obtained, the comptroller may not erect correctional facilities nor may the director of social services and housing promulgate rules and regulations. Also, the brackets which appeared on lines 18 and 20 have been deleted.

3) on page 5, on line 2, the words "under his jurisdiction" was added.

4) on page 7, certain technical nonsubstantive changes have been made.

5) on page 8, line 22, the word "sentence" was added.

6) on page 14, beginning on line 7, the words "concurrently. Any community correctional center may be integrated and operated with any other correctional facility or facility or facilities" were added.

7) on page 15, lines 11 and 12, the phrase "the high security correctional facility may be integrated and operated concurrently with any other correctional facility or facilities".

8) also on page 15, beginning on line 15, the phrase "including but not limited to" was added.

9) on line 19, section 21 has been amended so as to require that the repeal of those sections will take effect on July 1, 1976.

10) on page 36, section 37 has been amended so as to specifically set forth which sections of this Act will take effect

on July 1, 1973 and which will take effect on July 1, 1976.

Other important aspects of this bill have been noted by your Committee. For example, section 31 provides that only upon the appropriation of funds necessary to effect the transfer of county jails would the governor, by executive order, effect such transfer. This clearly indicates that the Legislature is not obligated to provide funds for such transfer. Section 32 provides that no additional State general funds will be required for the next biennium. It further provides that counties must continue to appropriate funds for the maintenance and operation of county jails until their actual transfer.

As amended, it is your Committee's belief that the intent and purpose of this Act will be furthered.

Your Joint Committees on Judiciary and Corrections and Rehabilitation are in accord with the intent and purpose of **S. B. No. 920, S. D. 2**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. No. 920, S. D. 2, H. D. 1** and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. 829 Water, Land Use and Development on S. B. No. 178**

The purpose of this bill is to give the Board of Land and Natural Resources the authority to grant easements directly, without recourse to public auction, provided that the sale price of such easements as determined by a disinterested appraiser is less than \$500.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of **S. B. No. 178, S. D. 2** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. 830 Judiciary on H. C. R. No. 108**

The purpose of this Concurrent Resolution is to request that a study be conducted by the Legislative Reference Bureau to determine what the relationship is between the time in prison and parole success in

Hawaii.

There seems to be some public concern as to the length of time a person is sentenced to imprisonment. Your Committee is undecided as to whether the length of time in prison has some positive or negative effect on the parole success. It is felt that this information, if obtained, can greatly aid the legislature in its duties to provide for the general health, safety and welfare of our citizens.

Your Committee on Judiciary concurs with the intent and purpose of **H. C. R. No. 108** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

**SCRep. 831 Judiciary on H. C. R. No. 109**

The purpose of this Concurrent Resolution is to request that a joint interim committee be appointed to study the Uniform Securities Act (Modified) and **H. B. No. 2030**.

Your Committee finds that, because of the need to protect our local investors, a joint interim committee should be appointed to study the "new hybrid of security" (options on commodities futures contracts) and report its findings and recommendations to the next legislature.

Your Committee on Judiciary concurs with the intent and purpose of **H. C. R. No. 109** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

**SCRep. 832 Judiciary on H. C. R. No. 111**

The purpose of this Concurrent Resolution is to request that a joint interim committee be appointed to conduct an in-depth review and study of consumer credit legislation, including, among others, the Uniform Consumer Credit Code.

Your Committee is aware of the intricate and delicate nature of this subject matter and that the welfare of the consumer is uppermost in our minds, and that such legislation as this should not be hastily enacted.

Your Committee on Judiciary concurs with the intent and purpose of **H. C. R. No. 111** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

**SCRep. 833 Judiciary on H. C. R. No. 112**

The purpose of this Concurrent Resolution is to request that a joint interim committee be appointed to study the Hawaii Correctional System Master Plan, in view of changes sought by **H. B. No. 1157** and its effect on the state-county relationship.

Your Committee finds that the changes sought by **H. B. No. 1157** have far-reaching implications and must be considered intensively before legislation such as that called for should be enacted.

Your Committee on Judiciary concurs with the intent and purpose of **H. C. R. No. 112** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

**SCRep. 834 Judiciary on H. C. R. No. 110**

The purpose of this Concurrent Resolution is to request that a joint interim committee be appointed to conduct a study of the Uniform Commercial Code, especially as the Code may be affected by the proposed amendments of **H. B. No. 1338**.

Your Committee finds that the amendments proposed in **H. B. No. 1338** to the Uniform Commercial Code and that such proposed amendments will have wide-ranging effects on Hawaii's business community and the public. Such important legislation as this should not be hastily considered but should be exposed to public hearing and debate. Any recommendations as to amendments to our laws can then be made to the next legislature.

Your Committee on Judiciary concurs with the intent and purpose of **H. C. R. No. 110** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

**SCRep. No. 835 Judiciary on S. B. No. 744**

The purpose of this bill is to clarify the law relating to industrial loan companies and their ability to engage in the wholesale or retail mercantile business.

This bill, as amended, would allow an industrial loan company to own all or some portion of stock or securities of another corporation engaged in the mercantile business, if approved by the bank examiner, and will not be deemed to be engaged in the mercantile business by reason thereof. Presently, section 408-19, Hawaii Revised Statutes, prohibits industrial loan companies from engaging in the wholesale or retail mercantile business.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 774, S. D. 1**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. No. 744, S. D. 1, H. D. 1** and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Fong.

**SCRep. No. 836 Judiciary on S. B. No. 137**

The purpose of this bill is to amend the unemployment compensation law by making technical amendments and clarifying several ambiguous provisions.

Section 1 of the bill proposes to correct several typographical and technical errors in Section 383-7. No substantive change in the law is proposed by Section 1.

Section 2 of the bill proposes to amend Section 383-62, covering contributions by employers to the unemployment compensation fund, by adding language to cover a situation when a non-profit organization terminates its election to be a self-financing employer and elects to contribute to the unemployment compensation fund. The section does not presently state how the former self-financing employer's contribution rate should then be determined. The bill proposes to treat it as a new employer for the purpose of compensation fund.

Section 3 of the bill proposes to amend Section 383-65 to expressly state that the provisions on non-charging of extended benefits relate only to employers who contribute to the unemployment compensation

fund and that self-financing employers are required to reimburse the fund for that portion of extended benefit costs for their former employees which is not assumed by the federal government. This would effect no change in practice but would clearly state what is implicit in the law, that the non-charging provisions apply only to employers who make contributions to the fund.

Section 4 of the bill proposes to amend Section 383-168 in order to prevent duplication of benefits in cases where claimants may have received "additional benefits" from other states.

The proposals in this bill do not constitute significant substantive changes in the law as they are primarily technical and clarifying amendments to the law.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 137, S. D. 1** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. No. 837 Judiciary on S. B. No. 316**

The purpose of this bill is to extend the immunity provisions granted to peer review committees of medical staffs in hospitals or local medical societies under Section 625-15, Hawaii Revised Statutes, to peer review committees of dental staffs in hospitals and local dental societies.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 316** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. No. 838 Judiciary on S. B. No. 660**

The purpose of this bill is to modify the law relating to acquiring title by adverse possession.

Under present law, in order to obtain title by adverse possession, a person has to be in "adverse possession" of the real property for more than ten years (Section 669-1). Similar treatment is accorded to an indi-



vidual who has been in adverse possession of and claiming under color of title for more than ten years to land which is being claimed by the State under the escheat law (Section 665-3). This bill proposes to extend those times from ten to twenty years.

Your Committee has amended this bill by inserting in Section 4 Section 657-31 which bars any person from recovering possession of land unless he brings such action to do so within ten years from time of ouster. Your Committee has amended this section also to read that such action may be brought within twenty years.

Your Committee has amended this bill further by making sure that this Act will be prospective in nature and will not affect those rights and duties existing under the present law.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 660, S. D. 2**, as amended herein, and recommends that it pass Second Reading and be placed on the calendar for Third Reading in the form attached hereto as **S. B. No. 660, S. D. 2, H. D. 1**.

Signed by all members of the Committee.

**SCRep. No. 839 Judiciary on S. B. No. 1178**

The purpose of this bill is to amend the Workmen's Compensation Law by requiring the director of labor and industrial relations to annually appoint a certified public accountant to audit all books and records of the special compensation fund.

The special compensation fund is financed primarily through levies against employers or their insurance carriers. Over the years the coverage of the fund has increased and the fund currently assumes the obligations for previous disabilities in subsequent injury cases, for life pensions, for permanently disabled employees, for the liability of defaulting employers, for allowances for services of attendants for totally disabled workers, for weekly income benefits where a worker is in concurrent employment, etc. The annual disbursements from the fund currently exceed \$490,000.

The scope of the audit, however, should be expanded to include advice and recommendations on solvency; funding level, and appropriate levies and charges to adequate-

ly finance the fund's obligations. In this regard, the department of labor and industrial relations proposed:

1. The removal of the statutorily prescribed rate of the levy on insurance premiums.

2. The removal of the prescribed minimum and maximum fund balances which now initiate or terminate the need for assessments against the insurance industry and self-insured employers.

3. Placing assessment rate setting responsibility under item 1 above with the director of labor and industrial relations who would necessarily rely on the advice and recommendations of the certified accountant. (The existing statutory formula under which charges against self-insurers are set by the director of regulatory agencies would remain as is).

4. Providing for a special assessment against insurance underwriters and self-insured employers during the second half of calendar year 1973 to keep the fund solvent until such time that an audit is made and financial direction obtained. The rate of the special assessment would be determined by rule of the director of labor and industrial relations, but not to exceed 1.6 times the 1972 special assessment.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 1178**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. No. 1178, H. D. 1** and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Lee.

**SCRep. No. 840 Judiciary on S. B. No. 903**

The purpose of this bill is to exempt the traffic offender from the provision of Section 706-620(2) of the Penal Code.

Section 706-620(2) requires the commitment of a person convicted of a crime to a correctional institution if the court determines that that is the most effective means of correcting his behavior. However, in the case of a traffic offender, incarceration is legally permissible only for his conduct in operating his motor vehicle. The traffic offender's delinquency or criminality gen-

erally is not in question. If his driving is in need of correction, imprisonment is not a good treatment.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 903** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. No. 841 Judiciary on S. B. No. 116**

The purpose of this bill is to increase the "proof of financial responsibility limits".

Present law requires \$10,000 for each person, and \$20,000 per accident minimum coverage. This bill proposes to increase the limits to \$20,000 per person, \$40,000 per accident, respectively.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 116** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. No. 842 Judiciary on S. B. No. 1152**

The purpose of this bill is to define the terms "mass transit" and "mass transportation" as used in the law granting to the counties the power to operate and provide such services.

These terms are not defined in the law at present. This bill serves to (1) clarify this matter by defining these terms and (2) preclude any county from engaging, directly or indirectly, in the charter and sightseeing services under their authority to operate a mass transit system or to provide a mass transportation service. The bill has been amended to remove school buses from the exclusion under (2) above.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 1152, S. D. 1**, as amended herein, and recommends that it pass Third Reading in the form attached hereto as **S. B. No. 1152, S. D. 1, H. D. 1**.

Signed by all members of the Committee.

**SCRep. No. 843 Judiciary on S. B. No. 823**

The purpose of this bill is to update the State's environmental protection laws, especially those relating to water pollution control to Federal requirements as specified in public Law 92-500, the Federal Water Pollution Control Amendments of 1972 that was recently enacted by Congress.

Your Committee concurs with the findings of your Committee on Environmental Protection of the urgent need for these amendments to our existing water pollution control laws so that Hawaii may administer the State water quality permit system.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 823, S. D. 1, H. D. 1** and recommends that it pass Third Reading.

Signed by all members of the Committee.

**SCRep. No. 844 Judiciary on S. B. No. 155**

The purpose of this bill is to clarify the criteria on which the revocation or suspension of a veterinarian's license may be based upon.

After careful review, your Committee concurs with the proposed changes to Section 471-10, Hawaii Revised Statutes, as hereby noted:

(a) Sec. 471-10(b) (1) Deletion of the words gross carelessness and the addition of the words gross negligence.

(b) Sec. 471-10(b) (5) Deletion of the word drugs and the addition of the words or dangerous substances.

(c) Sec. 471-10(b) (6) Delete the word Insanity and add the words mental incompetence.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 155, S. D. 1** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. No. 845 Judiciary on S. B. No. 111**

The purpose of this bill is to require any corporation engaging in the escrow depository business to maintain a minimum capital stock of \$50,000, or in the alternate a bond in the same amount.

Your Committee believes that the setting of a statutory minimum capital requirement of \$50,000 will afford some protection to the public in their dealings with escrow depositories and may be beneficial to the escrow depository itself in maintaining its operations.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 111, S. D. 1**, as amended herein, and recommends that it pass Second Reading and be placed on the calendar for Third Reading in the form attached hereto as **S. B. No. 111, S. D. 1, H. D. 1**.

Signed by all members of the Committee.

**SCRep. No. 846 Judiciary on S. B. No. 1018**

The purpose of this bill is to include as one of the duties of the board of elevator mechanics the duty to notify the Department of Labor and Industrial Relations of any fact or situation that, in the board's opinion, constitutes a violation of the Hawaii Occupational Safety and Health Law or of any rule or regulation promulgated thereunder.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 1018** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SC Rep. No. 847 Judiciary on S. B. No. 1014**

The purpose of this bill is to amend the statutes relating to savings and loan associations so as to remove or clarify what appears to be ambiguous and which concern (1) the voting rights of holders of guaranty shares, and (2) whether borrowing members constitute a separate class of stock of the association.

Your Committee finds that section 407-5, Hawaii Revised Statutes, defines the term "guaranty shares". It essentially is like

paid-in capital in a general corporation and is subject to all of the conditions and liabilities that attaches to such paid in capital stock. Section 407-6 defines "member" as any owner of any share of stock.

In subsection 407-31(8) the problem appears. The last sentence of that subsection reads "No member shall cast more than fifty votes". In the same subsection appears the following: "...every member shall be entitled to one vote for each \$100 or fraction thereof of the withdrawal value of his share account, and each borrowing member shall be entitled to one vote in addition to any votes he may have as a shareholder".

The ambiguity arises as to whether such limitation is applicable to nonwithdrawable shares or "guaranty shares". Section 407-112 provides that all of the provisions of the general laws of the State relating to corporations where not inconsistent with this chapter, or otherwise inapplicable, shall apply to all associations doing business under the chapter. Section 416-58 relating to corporations generally and dealing with stocks and classes thereof allows any duly formed corporation to establish the terms, powers, voting preferences, and so forth in its articles of association.

Your Committee, after careful consideration, believes that the number of votes the guaranty shareholder is entitled should not be limited to \$100 per vote nor to the fifty vote limitation but may be as fixed in the articles of association or charter. Further, since it is nonwithdrawable, such shareholders have a continuing economic interest in the association. It is your Committee's belief that the proposed amendment to section 407-31(8) will remove any further uncertainty.

Under existing law, section 407-61, Hawaii Revised Statutes, it does not appear clear whether borrowing members constitute a separate class of stock where statutes require the separate vote for each class of stock of a corporation. Your Committee believes that the proposed amendment to section 407-61 will clarify this matter by specifically providing that "borrowing members shall not be deemed to be the holders of a separate class of stock".

Your Committee notes that the last two paragraphs of this section has inadvertently been omitted and has amended this bill by

inserting it herein.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 1014**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. No. 1014, H. D. 1** and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. No. 848 Judiciary on S. B. No. 14**

The purpose of this bill is to establish a program of mandatory minimum pre-paid health care in the State to assure this type of protection for employees in private employment not covered by collective bargaining agreements.

Your Committee, after considering this measure, has made the following amendments:

1) on page 10, section -7(b), the last sentence has been deleted.

2) on page 12, line 21, the figure "346.68" has been substituted by "86.67".

3) on page 13, line 6, the phrase "at least one-half" has been substituted by the phrase "as provided in section -13".

4) on page 14, line 8, reference to section -21 amended to read section -20; on line 15, changed to section -19(b). This was done since your Committee has deleted the proposed new section -14.

5) on page 14, the first sentence of section -13 has been amended to read as follows:

"Every employer shall contribute at least the amount required by section 87-4, Hawaii Revised Statutes, which the State contributes to the State employees' health benefit plan less those amounts specified in that section for dental and group life payments, of the premium for the coverage required by this chapter and the employee shall contribute the balance."

6) on page 15, the proposed new section 14 has been deleted. All subsequent sections have been renumbered and all further references shall be to those sections as renumbered.

7) on page 15, section 14, the phrase reading "in his employ for 4 weeks" has been amended to read "in his employ for 16 weeks".

8) on page 16, line 12, reference to "section -19" has been amended to "section -18". Also reference to "section -17" on line 18 has been amended to "section -16".

9) on page 17, line 15, reference to "section -18" has been amended to "section 17".

10) on page 19, title to section 21 has been amended to read "Additional withholding for dependents".

11) Section -23 relating to uniform group rates found in the original bill has been reinstated.

12) Section -31 has been amended to read as follows:

"Sec. -31 **Enforcement by the director.** Except as otherwise provided in section -7 the director shall administer and enforce this chapter using the staff presently assigned as may be necessary."

13) Subsection -33(a) has been amended to read as follows:

"(a) If an employer fails to comply with section -11, -12, -13, or -15 he shall pay a penalty of not less than \$25 for such failure. Failure to comply shall be a violation. The director may, for good cause shown, remit all or any part of the penalty."

14) All of Part IV, relating to premium supplementation, has been deleted.

Further, Section 2, relating to the appropriation of funds has been deleted. Section 3 renumbered Section 2 and the effective has been amended to read as follows:

"Section 2. This Act shall take effect on July 1, 1974."

It is to be noted that reference in various sections of this bill to the collective bargaining agreement has been deleted. This is because your Committee believes it to be merely redundant and that it is adequately enumerated in Section 19 of this

Act. Further, as indicated in sections 2 and 19 of this Act, any collective bargaining agreement may provide for a different allocation of the costs thereof. It is your Committee's intent that nothing herein should be construed to limit the freedom of employees to collectively bargain.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 14, S. D. 1, H. D. 1**, as amended herein, and recommends that it be referred to your Committee on Finance in the form attached hereto as **S. B. No. 14, S. D. 1, H. D. 2**.

Signed by all members of the Committee.

**SCRep. No. 849 Judiciary on S. B. No. 160**

The purpose of this bill is to amend and reorganize Chapter 466, Hawaii Revised Statutes, to narrow the definitional concept of public accountancy, to modify the voting rights of members of the State Board of Public Accountancy, to upgrade educational requirements and to revise licensing and renewal procedures.

Your Committee, after considering this measure, has amended Section 466-5(b) to read as follows:

"(b) Educational requirements. A person applying for a certificate of certified public accountant shall be required to have obtained a baccalaureate degree conferred by a college or university recognized by the board, such baccalaureate program to have included an accounting concentration and such related subjects as the board shall determine to be appropriate".

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 160, S. D. 2**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. No. 160, S. D. 2, H. D. 1** and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. No. 850 Judiciary on S. B. No. 140**

The purpose of this bill is to amend Chapter 111, Hawaii Revised Statutes (1) to disallow displaced persons, who are responsible for the zoning violation causing

their displacement, from receiving relocation payments and (2) to provide a procedure allowing government agencies to recover relocation payments from parties responsible for zoning violations causing tenants to be displaced.

Your Committee finds that under the present statute, an inequitable situation occurs when the State is obligated to pay displacement benefits to a person or persons who are responsible for the zoning violations which necessitated the displacement.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 140, S. D. 1** and recommends that it pass Third Reading.

Signed by all members of the Committee.

**SCRep. No. 851 Judiciary on S. B. No. 122**

The purpose of this bill is to delete the one-year residency requirement for the practice of pharmacy following a recent United States District Court decision.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 122, S. D. 1** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. No. 852 Judiciary on S. B. No. 129**

The purpose of this bill is to provide for more effective control of the introduction of plants, animals, insects, diseases, and other organisms into the State by repealing chapter 150, part I, Hawaii Revised Statutes, and adding a new chapter to be entitled, "Hawaii Plant and Non-Domestic Animal Quarantine Law".

Your Committee after careful review of the findings of prior referral committees concurs that Hawaii's eco-system is truly unique and that adequate safeguards should be provided to insure the preservation of Hawaii's natural heritage.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 129, S. D. 1** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.



Signed by all members of the Committee.

**SCRep. No. 853 Finance on S. B. No. 415**

The purpose of this bill is to permit the continuance of employment, contingent upon the availability of budgeted positions, through the transfer from exempt status to regular civil service status, of current employees hired under the Public Employment Program (PEP), funded by the Emergency Employment Act of 1971 (PL 92-54) and including the staff of the Public Service Careers Program.

As to such employees of State or county governments not in civil service as of the date of passage of this measure, it is provided that the chief executive of the jurisdiction concerned may grant permanent appointment status as provided in chapter 76, provided funds have been appropriated for the positions affected.

Such employees shall not be required to qualify in civil service examinations and are entitled to all employment benefits earned to the effective date of this measure at the same rates of pay (unless in conflict with existing laws or regulations).

This bill further provides that in the event of reduction in force, the PEP employees' retention points for "creditable service" be calculated from the time of conversion to permanent status, thus insuring that those employees who are already in the civil service system will not be ousted by the PEP employees.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 415** and recommends that it pass second reading and be placed on the calendar for third reading.

Signed by all members of the Committee.

**SCRep. No. 854 Agriculture on S. B. No. 820**

The purpose of this bill is to clarify the relative responsibilities of the Director of Weights and Measures, the Deputy Director of Weights and Measures, and the Deputy to the Chairman of the Board of Agriculture.

Your Committee finds that his bill makes it clear that the Division Head is directly responsible to the Deputy to the Chairman

and, thus, to the Chairman. Presently this relationship is not clearly defined.

Your Committee on Agriculture is in accord with the intent and purpose of **S. B. No. 820** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. No. 855 Judiciary on S. B. No. 698**

The purpose of this bill is to allow excess earnings as a part of the damages for which the estate of a decedent can sue in a case of wrongful death.

Under the recent decision rendered by the state supreme court in **Greene v. Teixeira**, the court held that such excess earnings are not recoverable. This proposed bill would reinstate what is believed to be the "common law right to recover excess earnings".

In order to more properly effect the intent of this bill, your Committee has restored the original language of section 663-3 and has added a new section to deal specifically with the problem of future earnings as recoverable damages by the decedent's legal representative. It is your Committee's intent that this new section should be interpreted in light of the supreme court's decision in **Rohlfing v. Aki-ona**.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 698, S. D. 1**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. No. 698, S. D. 1, H. D. 1** and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. No. 856 Housing on S. B. No. 10**

Your Committee deleted Section 16 of **S. B. No. 10, S. D. 1, H. D. 1** and renumbered Sections 17 thru 21.

Your Committee concurs with the comments heretofore made in Stand. Com. Rep. No. 779, dated April 9, 1973, which is incorporated herein by reference.

Your Committee on Housing is in accord with the intent and purpose of **S. B. No. 10, S. D. 1, H. D. 1**, as amended herein, and recommends that it pass Second Reading and be placed on the calendar for Third Reading in the form attached hereto as **S. B. No. 10, S. D. 1, H. D. 2**.

Signed by all members of the Committee.

**SCRep. 857 Health on S. B. No. 1312**

The purpose of this bill is to improve and upgrade the practice of podiatry by adding a new chapter to the Hawaii Revised Statutes which provides for a Board of Podiatric Examiners to regulate the practice.

The Board shall be placed within the Department of Regulatory Agencies. It shall set the requirements for a podiatrist's license, establish examination standards, qualifications for the examination, set fees and expenses, and, in general, promulgate rules and regulations for the practice of podiatry.

Your Committee has amended this bill by changing the reference to the board of podiatric examiners to the board of medical examiners.

Your Committee on Health is in accord with the intent and purpose of **S. B. No. 1312, S. D. 1**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. No. 1312, S. D. 1, H. D. 1** and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. No. 858**

Legislative Management informing the House that **Standing Committee Report Nos. 780 to 857, House Resolution Nos. 490 to 500, House Concurrent Resolution No. 119, and Standing Committee Report Nos. 859 to 867**, have been printed and distributed.

Signed by all members of the Committee.

**SCRep. No. 859 Higher Education on S. B. No. 1254**

The purpose of this bill is to appropriate

new funds to augment the State Higher Education Loan Fund (S.H.E.L.F.), to allow the University to spend up to one percent of the total amount of loans in force to collect repayment, and to provide that all interest collected shall revert to the loan fund.

Your Committee on Higher Education is in accord with the intent and purpose of **S. B. No. 1254, S. D. 1**, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

**SCRep. No. 860 Health on H. R. No. 457**

The purpose of this Resolution is to request Hawaii's congressional delegation to introduce legislation in Congress which would provide a remedy for the health problems of immigrants.

The Department of Health reports that seventy percent of the new tuberculosis cases and eighty-five percent of the new leprosy cases in this State have occurred in the foreign-born. Such a situation presents a danger to the health of the people of the State and remedies must be found.

Your Committee on Health concurs with the intent and purpose and recommends that it be referred to the Committee on Labor.

Signed by all members of the Committee.

**SCRep. No. 861 Judiciary on S. C. R. No. 17**

The purpose of this Concurrent Resolution is to effectuate a responsive communication mechanism between the policymakers of this State and its people on policy decisions that may affect the ethical standards upheld by our island community today. Utilizing the expertise available in our community leaders, a Commission on Ethical Environmental Impact has been proposed to disseminate and collect prevalent information within the community.

With full recognition of the potential impact that any legislative or governmental decision may have to strengthen or weakened our present social values, the Commission would, as one of its functions,

provide an open avenue for public input on any significant decision to be made and conversely inform the general public of various programs of ethical impact that might be implemented.

Your Committee continues to support any concept which encourages citizen participation in our government and it therefore concurs with the intent of this Concurrent Resolution.

Your Committee has made a minor amendment to provide the Legislature with the benefits of this information that will be gathered.

Your Committee on Judiciary concurs with the intent and purpose of **S. C. R. No. 17, S. D. 1**, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as **S. C. R. No. 17, S. D. 1, H. D. 1**.

Signed by all members of the Committee.

**SCRep. No. 862 Public Employment on H. C. R. No. 24**

The purpose of this resolution is to request the various agencies of the State and the City and County of Honolulu to formulate and implement staggered work schedules which will result in reducing the number of automobiles on the streets during peak traffic hours.

The Interdepartmental Transportation Control Commission is in the process of developing a work program which will involve the surveying of employees and employers, both in the public and private sectors, with regard to staggered working hours, gliding work time, and four-day work weeks. This survey will generate data to formulate a work schedule plan for the Honolulu Central Business District. The Interdepartmental Transportation Control Commission intends to recommend the plan on an experimental basis.

The Interdepartmental Transportation Control Commission believes that this resolution has merit as a means of relieving some adverse impacts of automobile usage.

Your Committee on Public Employment concurs with the intent and purpose of **H. C. R. No. 24** and recommends its adoption.

Signed by all members of the Committee.

**SCRep. No. 863 Health on S. B. No. 995**

The purpose of this bill is to amend Section 334-5, Hawaii Revised Statutes, to allow mental health patients access to information about themselves when they request such information and when it is clearly not adverse to their interests.

The Department of Health believes that the sharing of information with a patient who asks for the information and is considered able to deal with the material can provide the following benefits:

(1) Help the individual to assess his own strengths and weaknesses;

(2) Allow him to understand how others see him and respond to him;

(3) Foster more communication between patient and staff and develop trust by the patient in those helping him;

(4) Make records more accurate by eliminating hearsay information that cannot be verified; and

(5) Foster objectivity in staff entries into the patient's record.

Your Committee on Health is in accord with the intent and purpose of **S. B. No. 995, S. D. 1** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. No. 864 Health on S. B. No. 883**

The purpose of this bill is to amend the law governing the practice of medicine in the State in order to provide a legal framework within which the newly evolving health occupations, including that of physician's assistant, function in the health care delivery system. The bill specifies that services rendered by any physician-support personnel or any physician's assistant shall be performed under the supervision, control, and full professional and personal responsibility of the employing physician; however it is not required that the direction and control of a physician must in every case require the personal presence of the supervising and controlling physician.

Your Committee on Health is in accord with the intent and purpose of **S. B. No. 883, S. D. 2** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. No. 865 Health on S. B. No. 1205**

The purpose of this bill is to provide a mechanism to develop a systems approach to comprehensive, coordinated planning and development services for children, birth through age 12, by maximizing the utilization of existing facilities, services, and fiscal resources of federal, state, county, and private sources.

The bill would amend Chapter 581 of the Hawaii Revised Statutes to strengthen the capabilities of the Coordinated Child Care Committee of the State Commission on Children and Youth to accomplish the purposes of the bill. Section 581-2 is amended to clarify the roles and responsibilities of the mandated subcommittees with respect to the Commission on Children and Youth. A new part is added detailing scope of a statewide planning and systems development program for child services and assigning specific roles and responsibilities for its development to the coordinated child care committee.

Your Committee on Health is in accord with the intent and purpose of **S. B. No. 1205, S. D. 2** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. No. 866 Health on S. B. No. 1183**

The purpose of this bill is to amend Section 329-20, Hawaii Revised Statutes, by adding to Schedule IV of controlled substances the substance "Methaqualone".

The use of methaqualone is being widely abused throughout the United States, and the substance is presently being considered by the Federal Bureau of Narcotics and Dangerous Drugs for placement on the federal control list.

Your Committee on Health is in accord with the intent and purpose of **S. B. No. 1183** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SCRep. No. 867 Higher Education on S. B. No. 1029**

The purpose of this bill is to delegate responsibility to the University of Hawaii for the establishment of policies and procedures which will award, to degree or certificate program students, college credit for courses successfully completed at a high school, business school, trade school, or adult education school which are equivalent to courses offered for credit in the University of Hawaii system.

The issue of college-credit equivalency has been the subject of much discussion in recent months. Your Committee finds that much of the discussion is due precisely because of the lack of public awareness of the University's standards and procedures for awarding college-equivalent credits. Consequently, your Committee finds that there is considerable merit in **S. B. No. 1029** which proposes that the University develop and make public just such policies and procedures.

For the past year, your Committee has been concerned over the University's refusal to recognize professional schools, such as hospital nursing schools, and to award courses, completed in such schools, college-equivalent credits. Your Committee feels that college-equivalent credits should be awarded to students for any academic course which is essentially the same as a course offered for credit in our University of Hawaii system. However, while **S. B. No. 1029** does not specifically include professional schools, your Committee feels that the intent of the bill is sufficiently clear and the language sufficiently broad that professional schools are included under **S. B. No. 1029**.

Your Committee on Higher Education is in accord with the intent and purpose of **S. B. No. 1029**, and recommends that it pass second reading and be placed on the calendar for third reading.

Signed by all members of the Committee.

**SCRep. No. 868 Environmental Protection on H. R. No. 459**

The purpose of this Resolution is to request an environmental assessment of projected housing developments in Heeia.

Your Committee finds that the preparation of an environmental assessment of proposed housing developments around Kaneohe Bay is consonant with the spirit of national and local environmental mandates. Kaneohe Bay has been significantly altered by sewage discharge and siltation.

Your Committee agrees with the Resolution — continued housing development around Kaneohe Bay and Heeia Fishpond could produce irretrievable effects on the water quality and a cherished historic site. Language in one of the Whereas portions of the Resolution was clarified by your Committee to bring it more in keeping with the spirit and intent of this Resolution.

Your Committee on Environmental Protection concurs with the intent and purpose of **H. R. No. 459**, as amended herein, and recommends that it be referred to the Committee on Water, Land Use and Development, in the form attached hereto as **H. R. No. 459, H. D. 1**.

Signed by all members of the Committee.

**SCRep. No. 869** Environmental Protection on **H. R. No. 405**

The purpose of this Resolution is to require an environmental impact statement on the State's proposed Vineyard Street garage in accordance with the Governor's Executive Order of August 23, 1971. Although land acquisition for the garage occurred prior to the Executive Order, the Vineyard Street garage project utilizes State funds and State lands; both categories require the preparation of an environmental impact statement.

Your Committee held a hearing in response to a plea from citizens residing in the affected area. They fear the proposed garage will force their relocation into what they believe to be inadequate housing. Numerous testifiers expressed concern that they were being evicted without suitable places to go. Said one witness, "Promises are made by developers and government to find permanent housing, but no delivery." It seems to your Committee that if the State plans projects to displace groups of people who are content to go on living where they are, the State should take the responsibility of planning where they can alternatively live with satisfaction.

A theme sounded continuously in the

Vineyard Street residents' testimony, was that the State should re-examine its priorities and determine whether parking stalls are more important than housing, whether cars are more important than people. One Vineyard Street resident remarked, "They once said they wanted fewer cars on the road, then why not build fewer parking lots and parking garages?" In addition, your Committee notes the relevance of the testimony by the Sierra Club that putting a parking garage in the heart of the downtown area will work against the success of the mass transit system and the attempt to reduce the number of cars.

Ke Nam Kim, Comptroller, Department of Accounting and General Services, testified they "would be willing to develop an EIS at this point," although he added that the Department sees no need for the EIS to be prepared and filed at this time. The plans of the Department are to wait until the siting and construction phase before they submit the impact statement.

Your Committee is disturbed that the environmental impact statement is scheduled to be filed after the residents have been relocated. The Governor's Executive Order mandates the consideration of alternatives. As Legal Aid pointed out, the delayed filing of an impact statement would preclude any "meaningful discussion as to alternatives to the parking garage replacing . . . homes." Your Committee believes this to be the case; full consideration of the attributes and liabilities associated with the proposed action, including the alternative of not having the project, must occur before any affirmative steps are taken.

Your Committee on Environmental Protection concurs with the intent and purpose of **H. R. No. 405**, and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

**SCRep. No. 870** Finance on **S. B. No. 5**

The purpose of this bill is to **permit** the commission on aging and its related county committees to hold an annual citizens' fair in the respective counties.

The bill adds a new section to chapter 349, relating to programs on aging, by providing for such an annual event at the county level, charging each county commit-



tee (established under Sec. 349-3) with responsibility for the "planning, organizing, and coordinating of the fair in every respect," and providing that the commission on aging may assist the county committee upon request. Proceeds earned from this fair are deemed to be proceeds from casual sales as defined in chapter 237, relating to the General Excise Tax Law; and the committee is required to distribute the proceeds to senior citizen organizations and individuals who participate in the fair in accordance with such methods as determined by it.

The idea of a **State** senior citizens' fair has been entertained by representatives of the county committees for some time; however, it was not considered feasible because of the expenses that would be incurred by the shipping of goods and travel costs. By permitting fairs to be held on the county level, these problems would be eliminated.

According to the Senate Committee on Human Resources, reporting hereupon under **Stand. Com. Rep. No. 98**, testimonies by the director of the commission on aging and several other senior citizen agencies show that there is a keen desire on the part of senior citizens to participate in such an event. Also, with the intention of avoiding "foreseeable complications", that Committee amended the bill by the addition of the "casual sales" provision in section 2, and substituted the words "permit" and "may" in place of "authorize" and "authority" in sections 1 and 2, respectively, as the basis upon which such fairs are to be held.

Your Committee on Health, in **Stand. Com. Rep. No. 401** hereupon, suggested the holding of such fairs to coincide with Senior Citizens' Month.

There is no appropriation requested; none recommended.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 5, S. D. 1**, and recommends that it pass third reading.

Signed by all members of the Committee.

**SCRep. No. 871 Finance on S. B. No. 1202**

The purpose of this bill is to require the counties to pay the post retirement allowance for all county pensioners, and in

particular those pensioners who retired as county employees without joining the State retirement system.

Under existing law, the post retirement allowance for the county pensioners is paid from funds provided by the State retirement system. By the addition of a new section to chapter 88, Hawaii Revised Statutes, which provides, in effect, that "the council of each county, and each independent board or commission affected, shall appropriate the funds necessary to pay the post retirement allowance . . ." this bill would make the counties responsible for all of their own former employees. (See also **S. B. No. 748, S. D. 2, H. D. 1**, relating to the bonus for pensioners; and **S. B. No. 1221, S. D. 2, H. D. 1**, relating to the public employees health fund).

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1202, S. D. 1**, and recommends that it pass third reading.

Signed by all members of the Committee.

**SCRep. No. 872 Finance on S. B. No. 1221**

The purpose of this bill as transmitted from the Senate, is to amend the law relating to the public employees health fund by (1) increasing the amount that the State and several counties are required to contribute monthly for each child of all employee-beneficiaries enrolled for dental benefits, (2) requiring the counties to pay, through their respective departments of finance, all monthly contributions to the fund for their own retired employee-beneficiaries; and, as heretofore further amended, (3) allowing a retired member or his dependent to qualify as an employee—or dependent-beneficiary even if the retired member was not actively employed by the State or county "immediately prior to his retirement".

Justification for the dental benefit increase is afforded by the Senate Committee on Public Employment under **Stand. Com. Rep. No. 318**, where, following statement of the proposition that, "your Committee agrees that the counties should pay the contributions made to the fund for their own retired employee-beneficiaries," it is stated that:

"Upon further consideration, your Committee has amended this bill to in-

crease the monthly contributions that the State and counties make for dental benefits from \$1.76 to \$2.04 for each eligible child. The present rate of contribution is inadequate because more employees received benefits during 1972, with a concurrent increase in the cost of dental benefits."

Then, in **Senate Stand. Com. Rep. No. 427**, the Committee on Ways and Means stated:

"Your Committee agrees with the findings of your Committee on Public Employment as expressed in **Standing Committee Report No. 318**."

"Your Committee has amended this bill by providing the appropriation for the State's share of the increase cost for dental benefits. The sum appropriated is \$249,621 for the 1973-75 biennium."

Thereafter, following its receipt by the House and referral to your Committee on Public Employment, in **Stand. Com. Rep. No. 757**, it was stated:

"Your Committee has amended this bill to permit the retired member or his beneficiary [sic] to qualify for benefits even if the retired member was not actively employed immediately prior to employment. Your Committee has also amended this bill by changing the appropriated amount to \$275,000."

Because of certain patent ambiguities in the terms.

Because of misuse of the word "beneficiary" where "dependent" should have been proper, as describing who is intended to qualify for benefits; and because of certain patent ambiguities which arise from the phrases "shall qualify" (when eligibility requirements are elsewhere in the statute defined in terms of "may qualify"), and "immediately prior to retirement" (whenver **that** is), your Committee was compelled to further amend the last proposed amendment to Sec. 87-27 in section 3 of the bill to read as follows:

"Sec. 87-25 **Determine eligibility of employee or dependent.** The board of trustees shall establish and adopt eligibility requirements to determine which employee and dependent may qualify as an employee-beneficiary or dependent-

beneficiary, respectively [..]; **provided that a retired member of the employees' retirement system, a county pension system, or a police, firemen, and bandsmen pension system of the State or county, or his dependent shall be eligible to qualify as an employee-beneficiary or dependent-beneficiary, whether or not the retired member was actively employed by the State or county at the time of his retirement.** Only an employee-beneficiary or dependent satisfying the eligibility requirements may qualify as an employee-beneficiary or dependent-beneficiary."

In order to accommodate whatever increases in numbers of eligible employees and dependents may arise thereunder, your Committee has agreed to allow the adjusted appropriation at \$275,000.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1221, S. D. 2, H. D. 1**, as amended herein, and recommends that it pass third reading in the form attached hereto as **S. B. No. 1221, S. D. 2, H. D. 2**.

Signed by all members of the Committee.

#### **SCRep. No. 873 Finance on S. B. No. 228**

The purpose of this bill is to appropriate moneys out of the general revenues of the State of Hawaii in the total sum of \$195,420.93 to compensate certain persons pursuant to chapter 351, Hawaii Revised Statutes, the Criminal Injuries Compensation Act, for the year 1972.

The sums appropriated under section 1 represent unconditional lump sum awards payable upon warrants issued by the comptroller. The appropriation under section 3, on the other hand (\$29,490 of the total) is to the department of social services and housing for periodic payments of awards.

Two years ago, in our report upon **H. B. No. 492**, which was enacted as Act 71, Session Laws of Hawaii 1971, your Committee expressed "grave concern" at the "alarming rate" with which the sum of awards for compensation had progressively grown since enactment of chapter 351 as Act 226, Session Laws of Hawaii 1967. It was recognized that the more familiar became the public with the benefits of the statute, coupled with the reported increases in rate of crime, the larger would be the

request for legislative relief sought to satisfy such claims. As a result, and while resigned to the inevitability, perhaps, of progression in the aggregate appropriation required to satisfy the total number of cases submitted for payment, your Committee focused upon the average amount of award per case and requested the commission to propose amendatory legislation which would prospectively reduce the aggregate sum while not otherwise detracting from the individual award to those truly deserving within the intent of the statute. In that year, the appropriation made to compensate 147 awards for the year 1970, averaged \$2,167.58 per case (See Act 71, Session Laws of Hawaii 1971, *supra*).

In the year following, **S. B. No. 1061** was enacted as Act 61, Session Laws of Hawaii 1972, the most far reaching effect of which was removal of the "collateral source" doctrine in the administration of the criminal injuries compensation program. In this same year, although not subject thereto, the appropriation made under **H. B. No. 1878-72** to compensate 105 awards for the year 1971, averaged \$2,443.14 per case. (See Act 82, Session Laws of Hawaii 1972).

Although the aforesaid amendment to Sec. 351-63(a) is reputed to increase the workload of the commission because it is "imperative for the staff to review each application and to make a thorough investigation for collateral benefits" (**Fifth Annual Report**, p. 4), your Committee is satisfied that it has a justifiable and substantial impact upon lessening both the aggregate and average amounts of payments awarded: For 1972, the average amount of award was reduced to \$1,416.09 per case, representing \$51,695.07 in medical payments and \$10,105.07 in lost earnings, or a total of \$62,100.14 in additional compensation which would have been awarded had it not been for Act 61.

This year, the legislature has before it a further proposal for reform. **H. B. No. 28, H. D. 2**, upon which your Committee reported under **Stand. Com. Rep. No. 620**, recommending favorably, and which is at this writing reposed in the Senate, proposes to amend the criminal injuries compensation law to disallow payment to a victim whose "felonious criminal activities" contribute to his injury or death. Therewith, as has been previously expressed, your Committee concurs.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 228, S. D. 1**, and recommends that it pass second reading and be placed on the calendar for third reading.

Signed by all members of the Committee.

#### SCRep. No. 874 Finance on S. B. No. 227

The purpose of this bill is to appropriate monies out of the general revenues of the State to reimburse persons, firms, and corporations pursuant to chapter 662 and Sec. 37-77, Hawaii Revised Statutes, in satisfaction of their respective "claims against the State."

By amendment to the short form hereof, the Senate included certain names and the corresponding amount of their respective claim, authorization of which is sought from the legislature, recommending the total amount of payments to be appropriated in the sum of \$72,480.74.

Your Committee cannot concur.

First, the bill relates to affording legislative relief for these claims (except judgments and settlement of claims) under Sec. 37-6, Hawaii Revised Statutes. As your Committee has previously indicated in our reports upon **H. B. Nos. 491 and 1879-72**, which were enacted as Acts 186 and 203, Session Laws of Hawaii 1971 and 1972, respectively, this statutory provision was included in the repeal of Secs. 37-1 through 37-14 upon the enactment of Act 185, Session Laws of Hawaii 1970, the Executive Budget Act, the substantive effect of which has since to be found in Sec. 37-77.

Said statute requires all such claims to be timely filed with the director of finance who shall, immediately upon receipt thereof, refer any claim and data so received by him to the agency concerned; and the agency to which the reference is made shall immediately investigate the claim, secure all available data and documents bearing thereon, and prior to the convening of the legislature refer the same back to the director with its recommendations thereon. The director shall, in turn, transmit the claims, together with all accompanying data so presented, to the legislature.

Several of the claims recommended for relief under the bill as transmitted from

the Senate under their **Stand. Com. Rep. No. 418**, do not comport with the recommendations thereon, as supported by the accompanying data, from the agencies concerned based upon their investigation. Traditionally, your Committee has, and we shall continue, to appropriate only in accordance with said recommendations — circumventing administrative advisories only where it is felt there has been a determination so abusive of discretion as to warrant legislative intervention.

Section 37-77, Hawaii Revised Statutes

#### REFUND OF TAXES:

	Division	Amount
Ah Sing Kea, Mary (Real property)	First	\$ 879.45
Diamond Head Apartments, Ltd. (General excise)	First	1,291.01
The Habilitat, Inc. (Real property)	First	2,849.84
Wong, Henry H. (Real property)	First	6,435.77

#### MISCELLANEOUS CLAIMS:

##### Salary Inequities

Mayer, Richard D.	808.00
For payment to correct salary inequities in the adjustments in the salary schedule for community college instructors.	

These reductions represent an aggregate savings of \$12,264.07, which requires an appropriation reduced thereby to \$60,216.67, which your Committee hereby recommends.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 227, S. D. 1**, as amended herein, and recommends that it pass second reading in the form attached hereto as **S. B. No. 227, S. D. 1, H. D. 1**, and be placed on the calendar for third reading.

Signed by all members of the Committee.

#### SCRep. No. 875 Higher Education on S. B. No. 270

The purpose of this bill is to amend Section 307-2 of the Hawaii Revised Statutes by changing the composition of the Board of Directors of the Research Corporation of the University of Hawaii. The bill calls for a deletion of the Vice President of Academic Affairs and the Vice President of Business Affairs of the University of

This year, reviewing the transmitted claims, together with all accompanying data so presented, your Committee finds no such apparent abuse, and, accordingly, the recommendations for an appropriation required to satisfy those which have been submitted for allowance, requires that your Committee disallow several hereunder approved, which are by amendment hereto deleted, as follows:

Hawaii from ex-officio membership on the Board and a substitution of two members from the community at large, to be appointed by the Governor.

The present Board of Directors of the Research Corporation consists of nine members, five of whom are ex-officio and four of whom are appointed by the Governor and represent the community at large. As suggested by the Senate Committee on Higher Education, the Board of Directors of the Research Corporation can have a powerful economic impact on the State of Hawaii by promoting the achievement of greater economic diversification and expanding our economic horizons. The Board, as presently constituted, does not make maximum use of the tremendous store of practical business expertise which exists in the community. Substituting the Vice President of Academic Affairs and the Vice President of Business Affairs of the University of Hawaii with two members from the community would benefit the Research Corporation, the University, and the general community.

Your Committee notes that the number of members on the Board of Directors of the Research Corporation remains the same in this bill, thus the funds required for the functioning of the Board remain unchanged.

Your Committee on Higher Education is in accord with the intent and purpose of **S. B. No. 270, S. D. 1**, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

**SCRep. No. 876 (Majority) Finance on S. B. No. 855**

The purpose of this bill is to create a housing development corporation, and to appropriate funds as a loan for its operations and staffing.

Your Committee on Housing, in **Stand. Com. Rep. No. 751** hereupon, found that there exists a substantial shortage of housing units at sales prices affordable to low and middle income families. For a variety of reasons, private enterprise and governmental agencies have not been able to significantly reduce this shortage. Recognizing this dire need for more low and middle income housing, and believing that the increased development of such housing is in the best interest and welfare of the people of Hawaii, that Committee recommended creation of the housing development corporation contemplated hereby.

The bill, as amended, was further amended herein in several respects.

Section -4 of the new chapter was amended to provide a board of directors of four members instead of a 16 member board. Your Committee found a 16 member board unworkable; the four member board would consist of three members appointed by the governor to six year staggered terms, to obtain which of the initial appointees would have terms of eight, seven, and six years.

The three gubernatorial appointees would appoint a fourth director who would serve as chairman-managing director of the corporation; the three directors could remove the fourth director by a two-thirds vote. The managing director would be paid \$35,000 per year and the other three directors would be paid \$30,000. They would be forbidden outside employment or public

office. The chairman-managing director shall appoint officers, agents, and employees as necessary to accomplish the corporation's mission and will assign work to other directors and to officers, agents, and employees.

Sec. -5 creates a Hawaii State housing development corporation advisory council similar to the board of directors created in the bill before its further amendment.

A new Section -6 clarifies the nonprofit status of the corporation. A new Section

-8 mandates the directors to carry out certain planning responsibilities.

Section -6, renumbered Section -9, clarifies terms of sale and resale of corporation developed and aided properties.

Section -11, renumbered Section -14, was amended to clarify procedures for condemnation proceedings.

Section -15, renumbered Section -18, was amended to clarify situations under which compliance with county requirements may be superseded.

Section 2 of the bill has been herein amended further by our Committee to decrease the loan allowance to get the corporation started from \$900,000 to \$350,000 (previously \$200,000). It should be noted that this appropriation, which is out of general revenues, is made to the corporation hereby created, to be administered by the Hawaii housing authority, and is required to be repaid not later than five years after the loan is made. Having reviewed the powers of the corporation (Sec.

-7) and the responsibilities of its directors (Sec. -8), the purpose for which the appropriation is made, including necessary staffing, your Committee believes that the \$350,000 figure is adequate to set the corporation on its course.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 855, S. D. 2, H. D. 1**, as amended herein, and recommends that it pass third reading in the form attached hereto as **S. B. No. 855, S. D. 2, H. D. 2**.

Signed by all members of the Committee.

Representative Ajifu did not concur.

**SC Rep. No. 877 Labor and Employment**



**on S. B. No. 284**

The purpose of this bill is to repeal the pregnancy disqualification in the Additional Unemployment Compensation Law, Chapter 385 of Hawaii Revised Statutes.

Chapter 385 is a special unemployment compensation law which would become operative only if natural or man-made disasters cause severe unemployment in the state. Section 385-7(6) presently disqualifies a woman from receiving benefits under this special law during the four-month period before the anticipated birth of her child and during the two-month period after the birth of her child even though she may meet all of the benefit eligibility requirements under the law.

This bill proposes to delete the pregnancy disqualification from Section 385-7. The eligibility of claimants under the law who are pregnant or who have recently given birth would then be determined on the same basis with all other claimants. For example, if a woman is actually disabled for work because of pregnancy or childbirth she would not be eligible for benefits as she would not meet the "able and available for work" eligibility requirement. If she is able and available for work, pregnancy or recent childbirth of itself would not disqualify her.

Your Committee agrees that the pregnancy disqualification is a discriminatory feature of Chapter 385 and has no place in the law. It is also contrary to the Federal Equal Employment Opportunity Commission guidelines on the enforcement of the Equal Employment Opportunity Act.

Your Committee on Labor and Employment is in accord with the intent and purpose of **S. B. No. 284**, **S. D. 1**, and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

**SC Rep. No. 878 Labor and Employment on S. B. No. 1131**

The purpose of this bill is to amend the Temporary Disability Insurance Law to exclude services performed by any individual who does only part-time work for less than fourteen weeks for a church from coverage under the law.

Section 392-5 presently excludes certain services performed for eleemosynary organizations from coverage under the law. This bill proposes to also exclude services performed for a church by an individual who does not meet the eligibility requirements of section 392-25, which are twenty or more hours of employment in at least fourteen weeks and the receipt of at least \$400 in wages during the four completed calendar quarters prior to the disability.

The proposal to exclude employees who are hired by a church for short-term employment on a part-time basis is consistent with the present policy of section 392-5 which excludes services performed for eleemosynary organizations by ministers and others.

Your Committee on Labor and Employment is in accord with the intent and purpose of **S. B. No. 1131**, **S. D. 2**, and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

**SC Rep. No. 879 Labor and Employment on S. B. No. 1149**

The purpose of this bill is to amend the unemployment compensation law to exclude student medical technologists and dental interns from coverage under the law while they are employed in hospitals or schools as part of their education or training.

Section 383-7 enumerates all of the services excluded from coverage under the Hawaii Employment Security Law. Subsection 383-7(12) presently excludes services performed by student nurses employed in hospitals or nurses' training schools while enrolled and regularly attending classes in nurses' training schools and services performed by medical interns employed in hospitals from coverage.

This bill proposes to amend subsection 383-7(12) to also exclude services performed by student medical technologists employed in hospitals or medical technologist training schools while enrolled and regularly attending classes in medical technologist training schools and services performed by dental interns employed in hospitals from coverage under the unem-

ployment compensation law.

Your Committee agrees that the proposed exclusion of student medical technologists and dental interns from coverage under the unemployment compensation law is consistent with the policy expressed in subsection 383-7(12) to exclude employment which is an integral part of education or training of nurses and medical interns. Medical technologists and dental interns are subject to somewhat similar educational requirements and work performed as part of their regular classes or training should also be excluded from coverage.

Your Committee on Labor and Employment is in accord with the intent and purpose of **S. B. No. 1149, S. D. 1**, and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

**SCRep. No. 880 Labor and Employment on S. B. No. 1043**

The purpose of this bill is to amend the Workmen's Compensation Law to require the director of labor and industrial relations to review and revise, if necessary, on a triennial basis the approved fee schedules for medical care, services, and supplies and to also adjust said fee schedules annually to reflect increases or decreases in the Consumer Price Index.

Section 386-21 presently limits the liability of an employer or insurance carrier for medical, surgical, and hospital charges for injured workers to prevailing charges in the state for the treatment of similar but non-work connected injuries. The director is required to make determinations of the prevailing charges from time to time and to promulgate approved fee schedules following such determinations. The seemingly simple provisions above, however, have proved very difficult for the director to administer. The prevailing charges throughout the state for numerous procedures involving numerous medical specialties have been almost impossible for the director of labor and industrial relations to determine. The time-consuming procedures necessary for such determinations require too much of the director's time and the determinations which must be made after full hearing often do not adequately reflect prevailing charges as they naturally tend to

lag behind the actual charges. This has worked to the disadvantage of the providers of medical care, services, and supplies for workmen's compensation claimants.

This bill proposes to require the director to review the present departmental regulation covering approved medical fee schedules every three years and to revise them if necessary, taking into consideration charges for the treatment of similar but non-work connected injuries in the state. He will not be bound, however, to determine actual prevailing charges throughout the state. It also proposes that the director be required to make annual adjustments in the fee schedules to reflect changes in the Consumer Price Index. The foregoing proposals are intended to make the director's job of promulgating approved fee schedules simpler and to provide a more equitable basis for limiting medical, surgical, and hospital charges payable by employers of injured workers.

Your Committee agrees that triennial reviews of approved fee schedules with annual adjustments to reflect changes in the Consumer Price Index would be simpler for the director to administer and also fairer for the providers of medical, surgical, and hospital care.

Your Committee on Labor and Employment is in accord with the intent and purpose of **S. B. No. 1043, S. D. 1**, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

**SC Rep. No. 881 Consumer Protection on S. B. No. 34**

The purpose of this Bill is to prohibit the use of any unfair, deceptive, or unconscionable acts by collection agencies by adding new sections to chapter 443 which prohibit the use of threats or coercion, harassment and abuse, unreasonable publication, misrepresentation, and unfair and unconscionable means.

The Hawaii Collector's Association supports the intent and purpose of this Bill but recommended that the proposed provisions of this Bill be expanded to include any "debt collector". This would include banks, other financial institutions, and merchants. Your Committee finds that the pro-

posed provisions need not be expanded at this time because the Office of Consumer Protection has received no complaints about the collection methods or practices of banks and other financial institutions.

Although the bill amends chapter 443 by adding a new part "to be appropriately designated" it inadvertently adds sections designated as 443- 1, 443- 2, 443- 3, 443- 4, 443- 5, 443- 6 and 443- 7. Since the chapter presently includes sections 443-1 to 443-33, the bill as drafted may cause some confusion upon incorporation into the revised laws. Your Committee, therefore, has amended the bill by designating the new sections as 443-41 to 443-47.

Your Committee on Consumer Protection is in accord with the intent and purpose of **S. B. No. 34, S. D. 1**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. No. 34, S. D. 1, H. D. 1** and that it be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Kimura.

**SCRep. No. 882 Public Employment on S. B. No. 394**

The purpose of this bill is to allow the councils of the various counties to establish and maintain volunteer fire stations. The chief engineer would select and appoint volunteer personnel to man the fire stations and they would serve at his pleasure. This bill also sets forth compensation benefits in the event of death or injury to the volunteers.

Your Committee amended the bill because it believes that the fire chiefs, instead of the chief engineers, of the respective counties are more qualified by experience and training to implement the provisions of the bill. The words "fire chief" were substituted for "chief engineer" wherever appearing in the bill.

Your Committee on Public Employment is in accord with the intent and purpose of **S. B. No. 394**, as amended herein, and recommends that it pass Third Reading in the form attached hereto as **S. B. No. 394, H. D. 1**.

Signed by all members of the Committee.

**SCRep. 883**

Legislative Management informing the House that **House Resolution Nos. 501 to 504, House Concurrent Resolution Nos. 120 and 121, Standing Committee Report Nos. 868 to 882, and Standing Committee Report Nos. 884 to 889**, have been printed and distributed.

Signed by all members of the Committee.

**SCRep. 884 Agriculture on H. R. No. 349**

The purpose of this Resolution is to request assistance for the taro industry from state and county agencies.

Your Committee feels that this resolution should include the Counties of Kauai and Hawaii, in addition to Maui County. For this reason, appropriate changes have been made in the title, the "BE IT RESOLVED" and "BE IT FURTHER RESOLVED" clauses. The title has been changed to read as follows: "HOUSE RESOLUTION REQUESTING THE DEPARTMENT OF PLANNING AND ECONOMIC DEVELOPMENT, DEPARTMENT OF AGRICULTURE, DEPARTMENT OF LAND AND NATURAL RESOURCES AND THE COUNTIES OF KAUAI, MAUI AND HAWAII TO PROVIDE GREATER SUPPORT FOR THE TARO INDUSTRY."

The "BE IT RESOLVED" clause has been changed to read as follows: "BE IT RESOLVED by the House of Representatives of the Seventh Legislature of the State of Hawaii, Regular Session of 1973 that the Department of Planning and Economic Development, Department of Agriculture, Department of Land and Natural Resources and the Counties of Kauai, Maui and Hawaii to provide greater support for the taro industry; and"; and the "BE IT FURTHER RESOLVED CLAUSE" has been changed to read as follows: "BE IT FURTHER RESOLVED that certified copies of this Resolution be transmitted to the Director of the Department of Planning and Economic Development, the Director of the Department of Agriculture, the Director of the Department of Land and Natural Resources, and the Mayors of the Counties of Kauai, Maui and Hawaii".

Your Committee on Agriculture concurs

with the intent and purpose of **H. R. No. 349**, as amended herein, and recommends its adoption in the form attached hereto as **H. R. No. 349, H. D. 1**.

Signed by all members of the Committee.

**SCRep. No. 885 Agriculture on H. R. No. 447**

The purpose of this resolution is stated in its title.

Existing state laws have different definitions which have caused misunderstanding and confusion. This resolution will relieve various agencies from confusion and provide farmers with the security and protection of knowing that in order to qualify as a bona fide farmer for aid under state programs, they will be judged by a single definition.

Your Committee on Agriculture concurs with the intent and purpose of **H. R. No. 447** and recommends its adoption.

Signed by all members of the Committee.

**SCRep. No. 886 Agriculture on H. R. No. 489**

The purpose of this Resolution is stated in its title.

Your Committee has learned that there have been many permanent exemptions from the Coastwise Shipping Law awarded by Congress. For example, an exemption was awarded American Samoa so that the Tripartite Treaty of 1899 would not be violated; an exemption was awarded the Virgin Islands due to the lack of U.S. Flag Merchant Ships servicing the area; an exemption was awarded Southeastern Alaska due to the lack of U.S. Flag Merchant Ships servicing the area, allowing the carriage of cargo and passengers in Canadian Vessels.

Your Committee has also been informed that many temporary exemptions, from one to ten years, have been awarded. For example, an exemption was awarded Puerto Rico to protect the Oregon Lumber Industry; exemptions were awarded the Great Lakes coal, iron ore, and grain industries due to the lack of U.S. Flag Merchant Ships servicing these areas, and finally,

Southeastern Alaska was awarded an annual exemption from 1949 to 1960 due, once again, to the lack of U.S. Flag Merchant Ships servicing the area.

It is your Committee's opinion that the Congress of the United States should be requested to grant an exemption for Hawaiian Pineapple.

Your Committee on Agriculture concurs with the intent and purpose of **H. R. No. 489** and recommends its adoption.

Signed by all members of the Committee.

**SCRep. No. 887 Transportation on H. R. No. 353**

The purpose of this Resolution is to honor Akoni Pule, former member of the House of Representatives, by renaming the Kawaihae-Mahukona Highway to the Akoni Pule Highway.

The Department of Transportation supports the intent of the measure. It, however, does not name the state highways. The department initiates the highway naming process by recommending a name to the Advisory Committee on Geographic Names of the Department of Planning and Economic Development. The advisory agency in turn recommends its choice to the respective county governments.

In line with the name selection process herein described, your Committee has amended **H. R. No. 353** by adding to the final "be it resolved" clause the Advisory Committee on Geographic Names and the Council for the County of Hawaii.

Your Committee on Transportation concurs with the intent and purpose of **H. R. No. 353**, as amended herein, and recommends that it be adopted in the form attached hereto as **H. R. No. 353, H. D. 1**.

Signed by all members of the Committee.

**SCRep. No. 888 Public Employment on H. R. No. 146**

The purpose of this Resolution is to request the House Committee on Public Employment to investigate the impact and extent of the reduction of federal funds on the State's unemployment rate. The

investigation would include the effect of the reduction of federal funds on: (1) the total dollars in the State; (2) total number of jobs; and (3) decrease in services.

Your Committee has amended this Resolution to request the House Public Employment Committee to submit the results of its investigations to this House at least twenty days prior to the convening of the 1974 session.

Your Committee on Public Employment concurs with the intent and purpose of **H. R. No. 146**, as amended herein, and recommends its adoption in the form attached hereto as **H. R. No. 146, H. D. 1**.

Signed by all members of the Committee.

**SCRep. No. 889 Higher Education on S. C. R. No. 13**

The purpose of this resolution is to request that the new East-West Center facility be named for the late president Lyndon B. Johnson.

According to the resolution a new East-West Center facility is to be built for the purpose of housing offices, seminar rooms and other administrative services for the East-West Center, presently located near the Manoa Campus of the University of Hawaii.

Lyndon B. Johnson was a devoted public servant in the State of Texas, in Congress, and served the Nation in the highest Executive Office. Naming a building here in Hawaii in his honor would be one way of showing Hawaii's commitment to a figure who has contributed much to contemporary American history.

Earlier this Session, your Committee on Higher Education reported favorably on **H. B. 715**, requesting that a statue of Johnson be placed on East-West Center grounds. Your Committee also favors this resolution. The East-West Center is a meeting place of various cultures and indeed a place where diplomacy can take visible form through 1) building this facility, and 2) the placement of the statue. The State House of Representatives can then concretely say it honored a historic figure.

Your Committee on Higher Education

is in accord with the intent and purpose of **S. C. R. No. 13** and recommends its adoption.

Signed by all members of the Committee.

**SCRep. 890 Labor and Employment on S. B. No. 980**

The purpose of this bill is to amend Chapter 125 of the Hawaii Revised Statutes relating to the governor's powers in an emergency by expanding both the definition of "emergency" and his powers.

Chapter 125 authorizes the governor to declare an emergency whenever there is a situation "which imperils the availability to the public of commodities necessary to public health, safety, or welfare." Upon the declaration of an emergency, he or his authorized representative may take action to make available commodities necessary to the public health, safety, or welfare by chartering ships or through other means.

This bill proposes to amend the definition of "emergency" to include "any state of affairs or circumstances... which results in any substantial interruption of commerce to or within the State." It also proposes to amend the section covering the governor's powers in an emergency to allow him to take action "to insure the availability of commodities required to maintain commerce to or within the State under normal conditions."

Your Committee agrees that the emergency powers of the governor should be expanded to allow him to take necessary action to insure the availability of commodities necessary to maintain commerce, as well as to maintain public health, safety, or welfare, during substantial interruptions of commerce.

Your Committee on Labor and Employment is in accord with the intent and purpose of **S. B. No. 980** and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

**SCRep. 891 Public Employment on H. R. No. 496**

The purpose of this resolution is to re-



quest the House Public Employment Committee to conduct an interim study to determine the feasibility of establishing within the State government a centrally coordinated manpower information system which will assist the departments to plan their workload and provide the legislature with sufficient data to make policy decisions.

Your Committee on Public Employment concurs with the intent and purpose of **H. R. No. 496** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

**SCRep. 892** Select Committee of Oahu Representatives on **H. R. No. 471**

The purpose of this resolution is reflected in its title.

The State Comptroller has recommended that the old Kona Hospital be razed on the basis of a study conducted by the department of health and the department of social services and housing of the feasibility of using the old hospital as a domiciliary care facility.

The members of the Kona community have expressed strong desires to have the old hospital utilized as a multi-purpose service and rehabilitation facility to serve as an educational and social center for handicapped persons, a community education center, and a community information and service center. As the previous study only considered the old hospital's use as a domiciliary care facility and did not consider the feasibility of using the old hospital for the purposes suggested by the Community, a re-evaluation appears justified. The probable cost of razing the buildings may also be sufficient to convert the facility into a multi-purpose service and rehabilitation facility needed by the Kona community.

Your Select Committee of Hawaii Representatives is in accord with the intent and purpose of **H. R. No. 471** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

**SCRep. 893** Agriculture on **H. R. No. 15**

The purpose of this Resolution is to request the Mayors and the County Councils of Hawaii, Maui and Kauai to study and recommend: (1) means for seeking agricultural expansion on the neighbor islands; (2) a method for fairly determining those farming enterprises that need relocation; and, (3) incentives that will facilitate the relocation of such agricultural operations in the respective counties.

Your Committee finds that the original form of the Resolution required clarification to better indicate the area of concern for which request is being made for assistance by the mayors and county councils of the various counties. Accordingly, an appropriate amendment was made to this end.

Your Committee on Agriculture concurs with the intent and purpose of **H. R. No. 15**, as amended herein, and recommends its adoption in the form attached hereto as **H. R. No. 15, H. D. 1**.

Signed by all members of the Committee.

**SCRep. 894** Water, Land Use and Development on **H. C. R. No. 97**

The purpose of this concurrent resolution is to indicate the Legislature's support of expanding Foreign Trade Zone No. 9 activities to the Neighbor Islands.

This concurrent resolution asks that the Department of Planning and Economic Development assist the counties in establishing general and special purpose subzones on the Neighbor Islands. It also asks for a progress report of each county's effort to be submitted by each county's mayor through the Department of Planning and Economic Development to the Legislature twenty days prior to the 1974 Legislative session.

Your Committee on Water, Land Use and Development concurs with the intent and purpose of **H. C. R. No. 97, H. D. 1** and recommends its adoption.

Signed by all members of the Committee.

**SCRep. 895** (majority) Water, Land Use and Development on **S. B. No. 1335**

The purpose of this bill is to permit the

disposition of land licenses for the purpose of mining sand under certain conditions and to permit sand mining in the territorial waters under certain conditions.

Your Committee is aware of the shortage of sand for construction projects. At the same time, your Committee is conscious of the need to restrict sand mining to provide the fullest possible protection to the environment.

Accordingly, your Committee has amended the bill as amended in the following aspects:

1. Section 4 of the bill is amended to specify that the removal of sand and other materials shall not be permitted within 1,000 feet seaward of the shoreline area or in ocean water of 30 or less feet in depth. In addition, the work "setback" is removed in three instances in this section for consistency in the law.

2. A new section, numbered Section 6, Severability, is added and reads: "If any provision of this Act, or the application thereof to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the Act which can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable."

3. Section 6 of this bill has been renumbered to become Section 7.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of S. B. No. 1335, S. D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S. B. No. 1335, S. D. 1, H. D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee. Representative King did not concur.

**SCRep. 896 Finance on S. B. No. 1002**

The purpose of this bill is to provide a means to place in public ownership and management lands which have a natural, environmental, recreational, historic or scenic value, by authorizing the board of land and natural resources to acquire and manage such lands and to assist the counties in a like program of acquisition and

management thereof. These lands would be for public use; and the acquisitions, by purchase, gift or the exercise of the power of eminent domain, would require approval of the governor.

Your Committee notes that the 1971 Legislature mandated the department of planning and economic development to undertake an open space study for the State, which was completed with the assistance of the Overview Corporation. In the following session, legislators took the first step toward implementing the open space plan by adopting "quality growth" as a State policy. This bill represents the next proposed step toward bringing to fruition the concept of an "environmental land bank" for the protection and management of lands having resource value. In many instances, public ownership of these lands will be necessary to effectuate the purposes of this bill, and in order that they may be assessable to all the people. Thus, funding must be provided to enable the State to acquire and effectively manage lands, including their upkeep and improvement.

No moneys are appropriated by this bill, but by an amendment heretofore made, a new section 5 was added providing for the establishment of a "Fund for the Environment" which will assist the State in its land acquisition plan, and specifying that (a) the proceeds from the sale of any general obligation bonds, authorized and issued for purposes of this Act, shall be deposited in or credited to the Fund, and (b) any net proceeds or revenue from the operation, management, sale, lease, or other disposition of land or the improvements on such land, acquired or constructed by the board under the provisions of this Act, shall also be deposited in or credited to the Fund.

Your Committee on Finance is in accord with the intent and purpose of S. B. No. 1002, S. D. 1, and recommends that it pass third reading.

Signed by all members of the Committee.

**SCRep. 897 Finance on S. B. No. 623**

The purpose of this bill is to provide for an increase in the number of scholarships and tuition waivers for students of the University of Hawaii system.

The 1972 amendment to the National Higher Education Act and the accompanying appropriation provided for the continuation of the College Work Study program, the National Direct Student Loan program and the Economic Opportunity Grant program. The President's 1973-74 budget, however, provides funding for only the College Work Study program and eliminates entirely the National Direct Student Loan and Economic Opportunity Grant programs. The elimination of these programs would adversely affect as many as 2,000 students in the University system.

In order to allow the University to at least partially compensate both for the time lag in federal decision-making and for the anticipated reduction in federal financial aid, your Committee on Higher Education in **Stand. Com. Rep. No. 807** recommended that the bill be amended to increase the amount of financial aid one per cent in 1973 and one per cent in 1974. The University has represented that the loss of revenue to the state as a result of a one per cent increase in the total full-time undergraduate enrollment, as recommended, is expected to run at about \$36,452 per year.

Instead of loans and grants channeled through the colleges and universities, the federal sources outline a new program called "Basic Opportunity Grants" (BOGs). These grants, first authorized by Congress last year but not yet funded, are brand new in two ways: First, they are **entitlements**—that is, if a student qualifies, the federal government owes him or her the money; the appropriation is simply an estimate of how much money the qualified students will qualify for. Second, the student will deal directly with the federal government (through a federal contractor); the federal funds never will come into the University's hands, except such part of it as may be used by the student to pay tuition and fees.

These current uncertainties in federal programs of financial assistance to students will probably not be resolved prior to November, 1973. At this time, the expected reduction from 1972-73 levels is about \$814,000 for the total University of Hawaii system. While the increase in allowable quotas will not completely compensate for the anticipated reduction, it will help alleviate the crisis particularly for those students from families in the \$6,000 to \$12,000

annual income brackets. The increased quotas plus the new definition of a "financial aid unit" should provide assistance to 1,000 or more students who are most adversely affected.

In view of this, your Committee on Higher Education recommended the following two amendments in the Senate draft and effected the same:

1. Section of the bill relating to percentage of the total full-time undergraduate enrollment to be changed from nine to eleven;

2. Section of the bill relating to the date of the academic year to be advanced from 1975 to 1974.

Upon consideration hereof, and upon recommendation of the dean of students, your Committee has further amended the bill as follows:

1. The new material following the definition of "financial aid" a unit of which "shall consist of a tuition waiver or scholarship awarded for the regular academic year . . ." has been modified to include "or a semester thereof." (Page 1, line 11)

2. Likewise, the existing material limiting the period for which each scholarship shall be granted was similarly modified; and the requirement that the same be renewed each year ("shall") was made permissive ("may"). (Page 3, line 3).

3. The provisions of the immediate foregoing, as amended, is qualified by the following new material: "provided, that the sum of one-hundred of the total financial aid units available in the baccalaureate system may be awarded to well-qualified resident students, either full-time or part-time, for one semester, which may be renewed."

The justification for the proposed changes which would, in effect, exempt the one-hundred financial aid units from the "automatic carry-forward" provision and to allow part-time students (some) financial aid, is offered in written testimony from the dean of students, which may be summarized as follows:

The current statutes provide that a student awarded a State scholarship is automatically entitled to retain it for four years,

i.e., eight semesters, provided that his scholarship and conduct remain acceptable. Further, State scholarships may be awarded only to students who have been residents of the State for at least five years prior to their initial award. The net effects of these statutory stipulations are, in general, good but they do have an adverse effect on a limited number of students.

The automatic carry forward provision means generally that the special programs, such as intercollegiate athletics and band, are reluctant to use scholarships as part of their allocation of financial aid units; e.g., the band would like to be assured that its quota is used by students who will continue to participate in the band. The Committee Report submitted when the State scholarship program was revised four years ago stipulated that 300 of the tuition waivers provided for were to be used for the intercollegiate program with the intent of developing a comprehensive program comparable to that in effect at most of the schools in the Western Athletic Conference. It further provided that the 100 remaining were to be used for special programs and referenced band and rally squad. The program has been successful as witnessed by the general success of the University's athletic program and the public commendations for the University band. There is now a justifiable request from women students and faculty for the establishment of a women's program in intercollegiate athletics. These women contend

that some scholarship help should, in equity, be available to that program. This proposed amendment would free some of the tuition waivers by allowing some of the students in the band and in the men's intercollegiate program to be awarded State scholarships in place of tuition waivers. It is estimated that the number so freed would be approximately 40.

There is also a particular group, although small, of students adversely affected by the five-year residency provision. These are students of Filipino and Samoan heritage who have not resided in the State for five years prior to entering the University. By allowing some of the current tuition waiver holders to receive State scholarships, tuition waivers could then be used to respond to these students' needs.

Finally, there is another group of students, primarily women with small children, anxious to receive an education, but because of the restriction of State scholarships to full-time students they cannot receive State financial assistance. We estimate that approximately 25 of these scholarships under this exempt provision would be used by about 50 part-time students.

The following schedule is a tentative allocation of the 400 tuition waivers and these special State scholarships and the number of students affected:

	Current Tuition Waivers	Tuition Waivers	Scholar- ships	No. of Students
Band	75	60	20	100
Women's Athletics	0	15	30	45
Men's Athletics	300	275	25	310
Part-time	0	0	25	50
Foreign	25	10	0	10
Filipino/Samoan	0	40	0	40
	<u>400</u>	<u>400</u>	<u>100</u>	<u>555</u>

Your Committee on Finance is in accord with the intent and purpose of S. B. No. 623, S. D. 1, H. D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S. B. No. 623, S. D. 1, H. D. 2.

Signed by all members of the Committee except Representatives Kondo and W.

Chong.

SCRep. 898 Finance on S. B. No. 59

The purpose of this bill is to eliminate the special requirements and provisions of State law relating to maternity leave, which are discriminatory and illegal under the Federal Equal Employment Opportun-

ity Act.

**Repealed** hereby is Sec. 76-34, Hawaii Revised Statutes, allowing a regular employee with more than one year of civil service to apply for and receive maternity leave without pay for twelve months or less, to commence not later than six weeks after birth; and if extended leave is granted for good cause, the employee shall be given reemployment rights.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 59** and recommends that it pass third reading.

Signed by all members of the Committee.

**SCRep. 899 Finance on S. B. No. 748**

The purpose of this bill, as introduced, is to amend the retirement system law to require the State and the counties each to fund their own bonus payments to pensioners; and, as heretofore amended, to provide for an increase in bonus payments and make an appropriation for funding bonuses of former state employees.

Chapter 88, Hawaii Revised Statutes, presently requires the state to fund bonus payments to all state and county pensioners whether they are under the state retirement system, state pensioners not under the system, or pensioners whose pensions are paid by the counties or other boards and commissions. This bill proposes to amend those sections thereof so prescribing so as to require the state to fund bonus payments to its former employees and to require the counties to fund bonus payments to their former employees. Your Committee is in agreement with such a proposition in that the body which was the pensioner's employer during his period of governmental service should be responsible for bonus payments made to him.

Of the two amendments made previously to the bill:

The first was in several respects to more clearly state its intent and to set forth how and when the counties shall be required to remit amounts necessary to cover bonus payments to the retirement system.

The second was by providing for a 5.5% increase in the bonus payments for pensioners. "In view of the rising cost of living and

recently negotiated collective bargaining agreements for public employees... this increase is justifiable." (**Senate Stand. Com. Rep. No. 424**). For this purpose the bill was previously amended to provide for the appropriation of \$274,778 for the 1973-75 biennium.

Since the passage hereof by the Senate, the secretary of the employees' retirement system, by letter dated April 5, 1973, communicated through the department of budget and finance a series of concerns respecting this bill, as amended; and in particular referring to the Senate-proposed reduction in the system's budget requirements for the biennium (exceeding \$3.5 million, of which \$1,591,000 for each fiscal year represents bonus to pensioners) stated, in relevant part, that:

"[T]he bonus to pensioners is a program which is budgeted by another division of this department, and it is our further understanding that the Budget Division has already apprised the House of this error in applying the savings to the System's budget as a result of the passage of **S. B. No. 748, S. D. 2**, which requires the counties, rather than the State, to finance payment of the bonus to their respective pensioners.

"**S. B. No. 748, S. D. 2**, besides increasing the bonus payments by 5½%, also provides that the respective counties shall fund the bonus payments to not only pensioners of the county pension systems but also to pensioners under the State Retirement System who were former employees of the various counties. (This is similar to the manner in which the minimum pension is financed.) The bill further provides that the State appropriations for the bonus payments to cover pensioners under the State Retirement System shall be made to the System rather than to the Director of Finance for distribution to the various agencies involved in bonus payments as presently provided. We are advised that the requirements for bonus to pensioners, as submitted by the Department of Budget and Finance, for fiscal year 1973-74 amounts to \$3,332,120 and for fiscal year 1974-75, \$3,232,276. Accordingly, if the savings is \$1,591,000 for each of these fiscal years, the remaining amount for State pensioners would be \$1,741,120 and \$1,641,276, respectively.



"This would represent the amount required for both the pensioners under the State Retirement System and for other State agencies, and we believe the only other State agency involved would be the Department of Health. We do not know what this latter amount would be. In any case, if we are to comply with the provisions of the bill, the Retirement System's requirements should be increased to the extent of the original requirements less the savings on account of the counties being required to pay their share and less requirements of the Department of Health.

"Since the funds are to be appropriated directly to the State Retirement System, it is suggested that a further amendment to the bill be made in order to create a bonus fund. We, therefore, propose that Sections 4, 5 and 6 of the bill be redesignated 5, 6 and 7, respectively, and that Section 4 shall read as follows:

"Section 4. Part II, Chapter 88, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows: 'Section 88—Bonus Fund. The bonus fund shall be the fund to which shall be credited all monies provided by the State and counties for the purpose of bonus payments and from which shall be paid the bonuses to retirants of the System as provided by Sections 88-11 to 88-17.'"

Your Committee considered amending the bill so as to require remittances to the director of finance for distribution, as presently provided (and as intimated preferable in the secretary's letter), rather than directly involving the retirement system, as proposed. However, this would be contrary to the intent of the bill; and, furthermore, as creation of an appropriate fund poses no particular problem, by addition to those enumerated in Sec. 88-99 (and of which, under Sec. 88-101, the director of finance is the custodian), your Committee has amended the bill by establishing, in section 4, the "pension bonus fund" under Sec. 88-99, and by describing its purpose by the addition of a new provision under the chapter, in section 5, essentially as suggested by the secretary. Accordingly, for consistency, sections 4, 5 and 6 of the bill were renumbered 6, 7 and 8, respectively.

Your Committee on Finance is in accord

with the intent and purpose of S. B. No. 748, S. D. 2, as amended herein, and recommends that it pass third reading in the form attached hereto as S. B. No. 748, S. D. 2, H. D. 1.

Signed by all members of the Committee.

#### SCRep. 900 Judiciary on S. B. No. 902

The purpose of this bill is to create in the district courts district family courts and allowing for the chief justice to appoint a district judge to act as a district family court judge, establish jurisdiction of district family courts and enumerates the qualifications and powers of district family judges.

This bill proposes a change in the appointment of substitute district judges throughout the State by enabling the chief justice to designate district family judges to serve in this capacity. Inherent in the proposal is a system of district courts and district family courts which will provide a high degree of uniformity among those judicial officers as to qualifications, powers and duties.

Your Committee on Judiciary is in accord with the intent and purpose of S. B. No. 902, S. D. 1 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Wedemeyer.

#### SCRep. 901 Judiciary on S. B. No. 18

The purpose of this bill, as amended, is to provide an in-depth analysis of the present status of children's rights in the State of Hawaii. Among the beneficial by-products of this research, will be the formulation of legislation that will be made available upon the convening of the Legislature in the next Regular Session.

Your Committee, after careful consideration, finds that the bill's intent has notable merit in attempting to achieve fair and judicial treatment of all its citizenry in the State, especially children. Your Committee noted that the study areas include:

(1) The legal regulation of the relations of the minor to his parent;

(2) The right of the minor to health services;

(3) The minor's right to privacy;

(4) The minor's right of control over the possession and dissemination of evaluative data during and following the minority; and

(5) The minimum criminal rights and privileges guaranteed the minor by the state and federal constitutions.

Your Committee on Judiciary is in accord with the intent and purpose of **S. B. No. 18, S. D. 1** and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Wedemeyer.

**SCRep. 902 Judiciary on H. R. No. 498**

The purpose of this Resolution is to request that the Legislative Reference Bureau conduct a study of the need for legislative safeguards of banking confidentiality.

A question has been raised as to the government's unreviewable discretion as to its ability to examine bank accounts of customers. It is believed that such information is confidential and that such examination or inspection violates an individual's right to privacy. Your Committee feels that the right of privacy is one of the most valuable rights a citizen has and that it should not be trammelled upon without adequate constitutional safeguard of due process.

A study should be conducted to determine if in fact an individual has such a right of confidentiality between him and the bank; whether such examination by the government constitutes an invasion of the individual's privacy; and that the Legislative Reference Bureau make its findings and recommendations to the next Regular Session of the Legislature.

Your Committee on Judiciary concurs with the intent and purpose of **H. R. No. 498** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Carroll.

**SCRep. 903 (Majority) Judiciary on H. C.**

**R. No. 119**

The purpose of this Resolution is to request that a joint interim committee be appointed to conduct a study of the taxicab industry focusing on the problems, needs, and cures for the industry in the interests of safety and convenience, and in order that the taxi industry remain a vital part of the transportation system of the State.

Your Committee believes that the taxicabs are an essential mode of transportation for many of our citizens. Because it is essential, your Committee feels that there is a need to establish standards of conduct for taxicabs, taxicab drivers, taxicab owners, and the taxicab industry. However, before any state regulation be enacted it is believed that a study should be made to determine its problems so as to properly regulate the taxicab industry.

Your Committee on Judiciary concurs with the intent and purpose of **H. C. R. 119** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Wedemeyer.

Representative King did not concur.

**SCRep. 904 (Majority) Judiciary on H. R. No. 499**

The purpose of this Resolution is to request that an interim committee be appointed to conduct a study of the taxicab industry focusing on the problems, needs, and cures for the industry in the interests of safety and convenience, and in order that the taxi industry remain a vital part of the transportation system of the State.

Your Committee believes that the taxicabs are an essential mode of transportation for many of our citizens. Because it is essential, your Committee feels that there is a need to establish standards of conduct for taxicabs, taxicab drivers, taxicab owners, and the taxicab industry. However, before any state regulation be enacted it is believed that a study should be made to determine its problems so as to properly regulate the taxicab industry.

Your Committee on Judiciary concurs with the intent and purpose of **H. R. No. 499** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Wedemeyer.

Representative King did not concur.

**SCRep. 905 (Majority) Judiciary on H. R. No. 500**

The purpose of this Resolution is to request that the Interdepartmental Transportation Control Commission conduct a study of the taxicab industry focusing on the problems, needs, and cures for the industry in the interests of safety and convenience, and in order that the taxi industry remain a vital part of the transportation system of the State.

Your Committee believes that the taxicabs are an essential mode of transportation for many of our citizens. Because it is essential, your Committee feels that there is a need to establish standards of conduct for taxicabs, taxicab drivers, taxicab owners, and the taxicab industry. However, before any state regulation be enacted it is believed that a study should be made to determine its problems so as to properly regulate the taxicab industry.

Your Committee on Judiciary concurs with the intent and purpose of **H. R. No. 500** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Wedemeyer.

Representative King did not concur.

**SCRep. 906 Judiciary on H. C. R. No. 106**

The purpose of this Concurrent Resolution is to request the appointment of a Joint Interim Committee to review and report on the Probate Revision Committee.

Your Committee held a hearing on **H. B. No. 99** which seeks enactment of the Uniform Probate Code by Hawaii. At that hearing, it was indicated by witnesses that the Uniform Probate Code would effect substantial changes in many areas that have been law in Hawaii all these years. The Probate Code Revision Committee of the Judicial Council did not undertake to make any definite recommendations as to such areas of far reaching substantive changes. Rather, it deferred the same to the prerogative of the Legislature, merely pointing out where such changes occurred.

Accordingly, there is much that will need to be done by way of reviewing the Uniform Probate Code proposal, particularly toward determining whether and to what extent such substantive changes should be made.

Your Committee has amended this Resolution to indicate the number it feels will be reasonably necessary to carry out the study requested.

Your Committee on Judiciary concurs with the intent and purpose of **H. C. R. No. 106**, as amended herein, and recommends its adoption in the form attached hereto as **H. C. R. No. 106, H. D. 1.**

Signed by all members of the Committee.

**SCRep. 907 Consumer Protection on H. C. R. No. 118**

The purpose of this Resolution is to urge the Congress of the United States to enact legislation which calls for the open dating of all packaged food commodities to insure that the consumer is getting the freshest product for his money.

At the present time many food items are already stamped with the producers own number and letter codes which are difficult for most consumers to understand. An open code which is uniform and easily understood is highly desirable from the consumer's standpoint. This is especially true in Hawaii because so much of the goods are imported for local consumption.

Your Committee has considered a state law on this matter. It believes that the benefits of open coding would be best realized if uniform requirements are imposed on interstate and international producers of packaged food instead of being imposed on retailers.

Your Committee on Consumer Protection concurs with the intent and purpose of **H. C. R. No. 118** and recommends its adoption.

Signed by all members of the Committee.

**SCRep. 908 Judiciary on S. B. No. 276**

The purpose of this bill is to repeal the pregnancy disqualification in the unem-

ployment compensation law.

Under present law, a woman is disqualified from receiving unemployment benefits if she is within four months prior to the anticipated date of such individual's giving birth to a child and two months after childbirth. This bill proposes to repeal this disqualification.

Your Committee on Judiciary is in accord with the intent and purpose of S. B. No. 276 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Wedemeyer.

#### SCRep. No. 909

Legislative Management informing the House that House Resolution Nos. 505 to 507, Standing Committee Report Nos. 890 to 908, House Concurrent Resolution No. 123, Standing Committee Report Nos. 910 to 915, Minority Report on Conference Committee Report No. 2, Re: S. B. 1283, S. D. 1, H. D. 1, C. D. 1, Minority Report on Conference Committee Report No. 3, Re: S. B. 1295, S. D. 1, H. D. 2, C. D. 1, Conference Committee Report No. 1, Re: S. B. 90, S. D. 1, H. D. 1, C. D. 1, Conference Committee Report No. 2, Re: S. B. 1283, S. D. 1, H. D. 1, C. D. 1, Conference Committee Report No. 3, Re: S. B. 1295, S. D. 1, H. D. 2, C. D. 1, Conference Committee Report No. 4, Re: H. B. 172, H. D. 1, S. D. 1, C. D. 1, Conference Committee Report No. 5, Re: H. B. 166, H. D. 1, S. D. 1, C. D. 1, Conference Committee Report No. 6, Re: H. B. 325, S. D. 1, C. D. 1, Conference Committee Report No. 7, Re: H. B. 809, H. D. 1, S. D. 1, C. D. 1, Conference Committee Report No. 8, Re: S. B. 920, S. D. 2, H. D. 1, C. D. 1, Conference Committee Report No. 9, Re: S. B. 97, S. D. 1, H. D. 1, C. D. 1, Conference Committee Report No. 10, Re: S. B. 160, S. D. 2, H. D. 1, C. D. 1, Conference Committee Report No. 11, Re: S. B. 1152, S. D. 1, H. D. 1, C. D. 1, Conference Committee Report No. 12, Re: S. B. 231, H. D. 1, C. D. 1, Conference Committee Report No. 13, Re: H. B. 637, H. D. 1, S. D. 1, C. D. 1 have been printed and distributed.

Signed by all members of the Committee.

#### SCRep. No. 910 Health on S. C. R. No. 51

The purpose of this Concurrent Resolution is to request the Continuing Health Education Council of Hawaii to coordinate the establishment of a Regional Clinical Engineering Service and Training Center to provide service to hospitals and laboratories in the State of Hawaii.

Your Committee recognizes that with the growing need for more and more complex equipment in hospitals and clinics, it is becoming evident that the attendant need for trained personnel to service such equipment is becoming critical for our state. We understand that this Concurrent Resolution proposes to request the Continuing Health Education Council of Hawaii to pioneer in this area and act as coordinating agent to establish a clinical engineering service and training center to fill the growing void in trained technical personnel.

Your Committee on Health concurs with the intent and purpose of S. C. R. No. 51 and recommends its adoption.

Signed by all members of the Committee.

#### SCRep. No. 911 Finance on H. C. R. No. 103

The purpose of this Concurrent Resolution is to request the appointment of a joint interim committee to receive and report on the study of the Public Utilities Commission conducted by the Legislative Auditor's Office.

The Legislative Auditor's Office is conducting a study at the present time on the laws, policies and procedures of the Public Utilities Commission. The scope and complexities of the functions of the Public Utilities Commission are both, vast and intricate. Such study, which is expected to be completed in the very near future, is similarly expected to be voluminous and complex.

Accordingly, it is in the public interest that an Interim Committee be established by the Seventh Legislature of the State of Hawaii, during this Regular Session of 1973 to pursue such study sufficiently in advance of the 1974 session, in order that effective groundwork may be laid before that session to effect such necessary legislation as may result from legislative consideration of such study.

Your Committee on Judiciary, under **Stand. Com. Rep. No. 815**, heretofore amended this measure by inserting numbers designating the composition of the Interim Committee, which is to be five from the House of Representatives and five from the Senate, appointed by the Speaker and President, respectively.

Your Committee on Finance concurs with the intent and purpose of **H. C. R. No. 103, H. D. 1**, and recommends its adoption.

Signed by all members of the Committee.

**SCRep. No. 912 Finance on S. C. R. No. 17**

The purpose of this Concurrent Resolution is to request the Governor to establish an Ethical Environmental Impact Commission. The Commission will function in the following areas:

(1) Receive input from the public concerning the effects of programs and projects on family life, parental authority and values of island people.

(2) Evaluate the effects which programs and projects may have on family life, parental authority and values of island people.

(3) Communicate information to the public, Legislature and Governor on all programs affecting family life, parental authority, youth and values of island people.

Your Committee on Finance concurs with the intent and purpose of **S. C. R. No. 17, S. D. 1, H. D. 1**, and recommends its adoption.

Signed by all members of the Committee.

**SCRep. No. 913 Finance on H. C. R. No. 121**

The purpose of this concurrent resolution is to request the Federal Cost of Living Council (Price Commission) to immediately consider the appeals of the rulings by the Honolulu District Office, Internal Revenue Service, on the applications for hospital rate exceptions for the 11 county/state hospitals in Hawaii.

It is expressed therein, that the determinations made upon these applications for

exceptions were not based upon the facts and the extenuating events presented in the appeal document now before the Council: that the reasons given by the Internal Revenue Service for its current rulings, based on the assertion that the Economic Stabilization Program had not imposed extreme hardship or gross inequity, are not shared by the State of Hawaii.

If unaltered, the current rulings on the hospitals' applications preclude the use of the "Base Rate" concept as announced by the Price Commission Ruling 1972-267 of October 20, 1972; and furthermore, the Social Security Amendments of 1972 (P. L. 92-603, **H. R. 1**, October 30, 1972) effect changes in reimbursements of payments where customary charges are less than reasonable cost (Sec. 233), which will deny the hospitals from receiving reimbursements beginning July 1, 1973, resulting in gross inequity and hardship.

The granting of these increased rates, to include exception to the base period net revenue margin, does not appear to directly affect the Economic Stabilization Program insofar as inflation is concerned, based on the fact that the hospitals are currently reimbursed for Medicare and Medicaid patients through the retroactive reimbursement process. Moreover, raising the hospitals' customary charges would result in a more adequate cashflow from charges to patients on a monthly basis, which is in keeping with the Department of Health, Education and Welfare request to maintain a close parity between interim charges and costs.

Copies of this concurrent resolution are to be transmitted to the Hawaii Members of the United States Congress; to the Secretary, Department of Health, Education and Welfare; and to the Speaker of the U.S. House of Representatives and the President of the U.S. Senate for their support and assistance.

Your Committee on Finance concurs with the intent and purpose of **H. C. R. No. 121** and recommends its adoption.

Signed by all members of the Committee.

**SCRep. No. 914 Housing on H. R. No. 505**

The purpose of this Resolution is to request the Speaker of the House of Repre-



sentatives to appoint an interim committee to study the relationship between the Urban Renewal Law and the present housing situation in the State.

Your Committee has heard testimony throughout this session and has reviewed and studied considerable materials pertaining to the housing situation. Your Committee has reached the conclusion that strong action is needed to improve the housing situation. In keeping with this conclusion your Committee has drafted several major pieces of legislation this session.

However, your Committee has not had the time or opportunity this session to examine carefully the complex Urban Renewal law in relation to the housing situation. Your Committee believes that this should be done during the interim and that the study should produce one or more comprehensive pieces of legislation for introduction in the next session. These pieces of legislation should complement measures already developed by your Committee.

Your Committee believes that this Resolution would help round out a sensible legislative housing package for adoption by the Legislature during the 1974 Regular Session.

Your Committee on Housing concurs with the intent and purpose of **H. R. No. 505** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

**SCRep. No. 915** Education on **S. C. R. No. 64**

The purpose of this resolution is stated in its title.

Your Committee feels that there is great potential in the field of agriculture. Yet, because the trend in Hawaii's economy seems to suggest that agriculture has an uncertain future, many of our young people are seeking other endeavors.

The Department of Education is the agency most responsible for the education of our youth as well as helping guide our youth in their career development. Thus, they should provide all teachers and counselors with current information of the available opportunities in agriculture.

Your Committee on Education is in accord with the intent and purpose of **S. C. R. No. 64** and recommends its referral to the Committee on Finance.

Signed by all members of the Committee except Representative Hapai.

**SCRep. No. 916** Select Committee of Oahu Representatives on **H. R. No. 307**

The purpose of this Resolution is to insure that residents displaced by the redevelopment of Chinatown will be able to return no later than three months after completion of suitable housing units at prices no more than twenty-five percent of his family's gross income.

Your Committee appreciates the frustration and anxiety that have been shouldered by Chinatown residents previously displaced and for whom the return to housing have been tenuous at best. It is your Committee's view that the return of such residents should be accomplished expeditiously and with the least burden of anxiety and frustration.

Your Committee has also expanded the number of recipients to the copies of this Resolution and have accordingly reflected such amendment in **H. D. 2**.

Your Select Committee of Oahu Representatives concurs with the intent and purpose of **H. R. No. 307**, **H. D. 1**, as amended herein, and recommends its adoption in the form attached hereto as **H. R. No. 307**, **H. D. 2**.

Signed by all members of the Committee.

**SCRep. No. 917** Water, Land Use and Development on **S. C. R. No. 59**

The purpose of this concurrent resolution is to indicate the legislature's appreciation of the preparation and publication of the five-island soil survey.

The survey, a valuable and useful inventory of Hawaii's soils, is the result of 10 years of work done by the U.S. Department of Agriculture's Soil Conservation Service and the University of Hawaii Agricultural Experiment Station. When the survey for the Big Island is printed later this year, Hawaii will become the first state in the nation to have its soil studied, mapped and

interpreted in published form.

The resolution extends the gratitude and appreciation of the Legislature to the directors of Hawaii's soil and water conservation districts and the personnel of the U.S.D.A. Soil Conservation Service and the U.H. Agricultural Experiment Station.

Your Committee on Water, Land Use and Development concurs with the intent and purpose of S. C. R. No. 59 and recommends its adoption.

Signed by all members of the Committee.

**SCRep. No. 918** Water, Land Use and Development on S. C. R. No. 58

The purpose of this concurrent resolution is to extend the congratulations of the Legislature to the Soil Conservation Society of America on its 28th Anniversary.

The resolution details the accomplishments of the society in promoting and advancing good land use. It also indicates the work done by the Hawaii Chapter in numerous areas.

Your Committee on Water, Land Use and Development concurs with the intent and purpose of S. C. R. No. 58 and recommends its adoption.

Signed by all members of the Committee.

**SCRep. No. 919** Water, Land Use and Development on S. C. R. No. 60

The purpose of this concurrent resolution is to encourage the citizens of the State of Hawaii to support and participate in the observance of Soil Stewardship Week, May 27-June 3, 1973, and to congratulate the sponsors.

Your Committee is in support of Soil Stewardship Week.

Your Committee on Water, Land Use and Development concurs with the intent and purpose of S. C. R. No. 60 and recommends its adoption.

Signed by all members of the Committee.

**SCRep. No. 920** Education on S. C. R. No.

50

The purpose of this Concurrent Resolution is to express the Legislature's concurrence with the findings and recommendations of the Legislative Auditor's report entitled "Management Audit of the Department of Education" and also to express its expectation that the department will implement the audit recommendations with dedicated dispatch.

Your Committee has reviewed the audit report, including DOE's response that it agrees with almost all of the recommendations. The department has indicated that some of the recommendations have already been implemented while others will be implemented according to procedures which will be established. Instead of the generalized response of the DOE to the auditor's recommendation, the adoption of this Resolution would convey to the agency that the Legislature expects it to implement the recommendations with dispatch.

Your Committee on Education concurs with the intent and purpose of S. C. R. No. 50 and recommends its adoption.

Signed by all members of the Committee except Representatives Kawakami, Wedemeyer, W. Chong, Oda, Young, Kato and Amaral.

**SCRep. No. 921** Education on S. C. R. No. 66

The purpose of this Concurrent Resolution is to give the legislature an opportunity during the coming interim to study, review, and monitor the progress made in resolving several major outstanding issues related to lower education in this State.

In examining the budget and reviewing selected topics with the Department of Education, your Committee foresees several issues that the 1974 Legislature will have to resolve. A 60-day session is not adequate time for an extensive study by the committee. The eight-month interim period between the 1973 and 1974 Session offers the legislature a better opportunity to do so.

In addition to the issues enumerated in the Concurrent Resolution, the interim committee might well consider such other issues as the optimum design and utilization of school facilities, financial manage-

ment and economy in the department, and increased cooperation between the Department of Education and the University of Hawaii, particularly in the area of teacher training.

Your Committee on Education concurs with the intent and purpose of **S. C. R. No. 66** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Kawakami, Wedemeyer, W. Chong, Oda, Young, Kato and Amaral.

**SCRep. No. 922 Health on S. C. R. No. 4**

The purpose of this Concurrent Resolution is to ask agencies of the United States and the State to review and improve the enforcement of tuberculosis immigrants to this State.

Your Committee recognizes the high incidences of tuberculosis among our foreign born population, which has raised the communication tuberculosis rate of Hawaii among the highest in the United States. On the other hand your Committee realizes that advanced cases of tuberculosis is only one-third of the National average indicating effective early determination and treatment of active cases.

Accordingly, it is necessary that the government agencies of the United States and the State of Hawaii be urged to review existing policies and programs to combat the present tuberculosis problem of incoming immigrants to the State.

Your Committee on Health concurs with the intent and purpose of **S. C. R. No. 4** and recommends its adoption.

Signed by all members of the Committee.

**SCRep. No. 923 Finance on S. B. No. 18**

The purpose of this bill is to provide in depth analysis of the present status of children's rights in the State of Hawaii.

Your Committee concurs with the findings of your Committee on Judiciary as stated in **Standing Committee Report No. 901** dated April 11, 1973. In addition to such findings your Committee believes that an

objective study as proposed by the bill is long overdue and the modest appropriation made would be a prudent investment.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 18, S. D. 1**, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Kunimura.

**SCRep. No. 924 Finance on H. R. No. 283**

The purpose of this resolution is to request of the department of health that it refrain from proceeding with the State comptroller's recommendation that the old Kona Hospital be razed until such time as the determination for its use as a multi-purpose service and rehabilitation facility is made.

The resolution recites that the Kona community is deeply concerned with the future of the old Kona Hospital, and that a feasibility study conducted by the department of health and department of social services and housing has been completed with respect to utilizing it as a domiciliary care facility.

A determination based on the feasibility study will soon be made as to the future thereof, antecedent to which the Kona community has indicated that it may well be utilized as a multi-purpose service and rehabilitation facility as follows:

- (1) Educational and social center for people with various handicaps;
- (2) A center for educational experiences for community groups; or
- (3) An information and service center.

These conclusions are contrary to the State comptroller's recommendation to raze the facility, which was predicated on its use as a domiciliary care unit and not as a multi-purpose service and rehabilitation facility.

Wherefore, your Committee is satisfied that the State comptroller should reevaluate utilization of the old Kona Hospital as aforesaid, in that it seems probable that renovation costs for converting the hospital into a multi-purpose service and rehabilitation facility could be accomplished within

range of the money set aside for razing the building.

Your Committee on Finance concurs with the intent and purpose of **H. R. No. 283** and recommends its adoption.

Signed by all members of the Committee except Representative Kunimura.

**SCRep. No. 925 Finance on S. C. R. No. 65**

The purpose of this Resolution is to request the Governor of Hawaii to set forth policy guidelines which will form the basis of the Statewide General Plan. These guidelines will serve as an interim policy statement to guide the actions and budget planning of the counties and of all departments, agencies and commissions pending enactment of the Statewide General Plan.

Your Committee on Finance concurs with the intent and purpose of **S. C. R. No. 65** and recommends its adoption.

Signed by all members of the Committee except Representative Kunimura.

**SCRep. No. 926 Finance on S. C. R. No. 32**

The purpose of this concurrent resolution is to urge the Hawaii Congressional Delegation to support the restoration of federal funds for emergency health services.

It is recited therein that the President, the governors of Hawaii and of many states, as well as medical and professional groups, have defined the need for and given high priority to the development of state and local emergency health care systems; and that citizen groups of Hawaii and each of its counties have expressed their need and desire for early improvements of emergency health care systems.

The ability to respond to the needs of the citizens of Hawaii in the event of natural and man-made disasters depends in great part on the Federal stockpile of emergency medical supplies strategically located throughout the State. The support for improving the accessibility and quality of the basic emergency health care system has been made possible through a two-year grant of \$1.47 million federal funds channeled through the Regional Medical Program Service.

The State's emergency health care system including both mass disaster and basic service is contingent on continued federal funding; however, Hawaii has been notified that the State is in jeopardy of having such federal funds discontinued.

Your Committee on Finance concurs with the intent and purpose of **S. C. R. No. 32** and recommends its adoption.

Signed by all members of the Committee except Representative Kunimura.