

APPENDIX

STANDING COMMITTEE REPORTS

SCRep. No. 1-74 Legislative Management

Informing the House that **House Resolution Nos. 1 and 2**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 2-74 Legislative Management

Informing the House that **House Bill Nos. 2044-74 to 2134-74**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 3-74 Legislative Management

Informing the House that **House Bill Nos. 2135-74 to 2146-74, House Resolution Nos. 3 to 6 and House Concurrent Resolution Nos. 1 to 7**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 4-74 Legislative Management

Informing the House that **House Bill Nos. 2147-74 to 2153-74, House Concurrent Resolution Nos. 8 to 12, House Resolution Nos. 8 to 131**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 5-74 Legislative Management

Informing the House that **House Bill Nos. 2154-74 to 2169-74, House Resolution No. 132, and Special Committee Report No. 1**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 6-74 Legislative Management

Informing the House that **House Bill Nos. 2170-74 to 2174-74, and House Resolution Nos. 133 to 137**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 7-74 Legislative Management

Informing the House that **House Bill Nos. 2175-74 to 2232-74, and House Resolution Nos. 138 and 139**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 8-74 Legislative Management

Informing the House that **House Bill Nos. 2233-74 to 2243-74, House Resolution Nos. 140 to 146, House Concurrent Resolution Nos. 11 to 15 and Standing Committee Report No.**

9, Re: House Bill No. 2091-74, House Draft No. 1, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 9-74 Finance on H. B. No. 2091-74

The purpose of this bill is to appropriate from the general revenues such funds as are necessary for defraying the expenses contemplated to be incurred in the current conduct of legislative and related support functions, covering the Senate and House of Representatives during the 1974 regular session and interim committees established between sessions; for defraying the expenses of the office of the legislative auditor, including certain other legislatively directed services and studies which are therein and thereby performed during the fiscal year 1974-75, including the expenses of the State ethics commission which it administers; for defraying the expenses of the legislative reference bureau during the fiscal year 1974-75, including the expenses of the office of the revisor of statutes which it administers; and for defraying the expenses of the office of the ombudsman during the fiscal year 1974-75.

Upon consideration of the bill, your Committee has affected certain amendments thereto and provided for the following appropriations therein: \$769,184 for the expenses of the Senate, and \$995,000 for the expenses of the House of Representatives; \$1,686,290 for expenses of and through the office of the legislative auditor; \$616,778 for expenses of and through the legislative reference bureau; and \$186,237 for expenses of the office of the ombudsman.

The sums recommended as requisite for the running of the Senate and House of Representatives during the present session and the forthcoming interim are exactly similar to the amounts previously appropriated for the purposes specified since the regular session of 1969. On the other hand, normal salary adjustments have accounted for increases in the requested appropriations for continued current services provided by the various legislative support agencies.

For the office of the legislative auditor, the sum appropriated includes \$721,471 for defraying the actual expenses of that office, representing an increase of 2.3% over fiscal year 1973-74. Thereto appropriated is also the sum of \$79,819 for defraying the expenses of the State ethics commission, representing a 6.4% annual increase.

Considering the salary schedule for the employees of the ethics commission, which, according to statute, is to be fixed by the commission "within the amounts made available by appropriation therefor," (Sec. 84-35, H. R. S.), your Committee is reserved regarding the manner in which increases thereto are conceived of and accorded. But, because its constitu-

ency is essentially judicial and administrative (rather than legislative) in origin and responsibility, we are somewhat constrained to precisely mandate the measure by which its civil service exempt professionals and staff ought to be compensated. Nevertheless, it is hereby decreed that hereafter determining the salary of all employees of the commission, its members shall consult with the department of personnel services, as, for example, is required of the director of the legislative reference bureau.

In this latter regard, fulfilling the budgetary request of the legislative reference bureau requires an appropriation representing an increase of 10.6% over fiscal year 1973-74 at \$420,172. This figure includes increases of one increment across the salary range for each of the 10 professional researchers and 3 librarians comprising the bureau's staff which is thereby brought on parity with the pay schedules of the offices of the legislative auditor and ombudsman as of July 1, 1973, but effective July 1, 1974.

Through the legislative reference bureau an appropriation is made for defraying the expenses of the office of the revisor of statutes in the sum of \$196,606, an increase of nearly 28% over the sum appropriated for fiscal year 1973-74. In arriving at this figure, it is the intent of your Committee that the salary range per annum of each position and that the salary per annum of each incumbent be the following:

Revisor of Statutes, \$21,204 - \$25,812, with the present revisor to be compensated at \$25,812 for fiscal year 1974-75.

Assistant Revisor, \$19,608 - \$23,856, with the present assistant revisor to be compensated at \$23,856 for fiscal year 1974-75.

It is also the intent of your Committee that for each of the positions, the annual increment within each salary range shall be four per cent. While the salary of the revisor is currently established by statute, your Committee recommends and intends that amendatory legislation will be enacted in this session of the Legislature to conform to the intent of this Act.

Although your Committee has determined that the present salaries are substantially below the salaries of other legal positions, and therefore, has provided for these appropriate salary adjustments, we have also reviewed the functions and responsibilities of the office of the revisor of statutes and believe that consistent with the adjustments in salaries of the revisor and the assistant revisor, additional functions should be performed. First, the office of the revisor should proceed to review, on a systematic basis, the Hawaii Revised Statutes and report to the Legislature on those statutes which are in conflict with other statutes, and those statutes which duplicate other statutes, and those statutes, which through the passage of time or other circumstances no longer have application. The revisor is to re-

port initially to the 1975 session of the Legislature on those statutes which he has reviewed and on the schedule for reviewing the remainder of the statutes. Thereafter, he shall report annually to the Legislature. Second, the revisor is to proceed with the preparation of specifications for the implementation time-schedule and a design of an integrated computer-based system for bill drafting, bill revision, printing and publication of session laws, statute revision, and data collection and retrieval for legislative purposes. In connection with the preparation of design specifications and the time-schedule implementation, the revisor should consult with the presiding officers of the Legislature, the chief clerks of each house, the chairman of the fiscal and legislative management committees of each house, the director of the legislative reference bureau, the legislative auditor and the ombudsman to ascertain their needs and to obtain their suggestions.

Finally, among the support functions for which your Committee has appropriated is the office of the ombudsman. The sum of \$186,237 represents a 0.5% increase over the appropriation for fiscal year 1973-74.

For the purpose of performing special studies and other special requests made of the legislative auditor by the Legislature, including the continued improvement of capabilities for planning, programming and budgeting, the sum of \$150,000 is again this year the recommended appropriation; and it is recommended that \$735,000 be appropriated for interim legislative studies, contractual services therefor, equipment for continued improvement of the efficiency of legislative operations and related matters, and for such other purposes as deemed necessary by joint action of the President of the Senate and the Speaker of the House of Representatives.

Your Committee conceives that the provisions of section 6 (d) of the bill are adequately comprehensive to accommodate funding for the requirements of the legislative scientific advisory committee established in Act 168, Session Laws of Hawaii, 1972. From the sum therein appropriated, it is anticipated, and it is the intent of your Committee, that funds shall be allocated as reimbursement for necessary expenses incurred by the members of the legislative scientific advisory committee in the performance of their duties, which includes providing the Legislature with scientific and technical resources to and in the making of judicious decisions.

Consonant with the requirement for continued austerity, we have recommended appropriations only for the most fundamental of our needs. Expenses for the Senate and House of Representatives have been fixed at a level equivalent to that of the past several legislative sessions. Your Committee is not unmindful that costs have continued since then to climb, but we are determined not to allow a proportionate diminution of such services as are responsive to the needs of the State.

Attainment of this goal mandates careful examination of our objectives and requires progressive planning and programming of the way in which those objectives are to be met. As other public programs require funding from the same limited resources, it becomes imperative that each must anticipate achievement of its objectives through a similarly rational and effective utilization of the State's limited level of revenues.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 2091-74**, as amended herein, and recommends that it pass second reading in the form attached hereto as **H. B. No. 2091-74**, **H. D. 1**, and be placed on the calendar for third reading.

Signed by all members of the Committee.

SCRep. No. 10-74 Legislative Management

Informing the House that **House Bill Nos. 2244-74 to 2277-74**, **House Resolution Nos. 147 to 156** and **House Concurrent Resolution Nos. 16 to 18**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 11-74 Legislative Management

Informing the House that **House Bill Nos. 2278-74 to 2295-74**, **House Resolution Nos. 157 to 162**, and **House Concurrent Resolution No. 19**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 12-74 Legislative Management

Informing the House that **House Bill Nos. 2296-74 to 2315-74**, **House Resolution Nos. 163 to 169**, and **House Concurrent Resolution Nos. 20 and 21**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 13-74 Legislative Management

Informing the House that **House Bill Nos. 2315-74 to 2350-74**, **House Resolution Nos. 170 and 171**, and **House Concurrent Resolution No. 22**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 14-74 Legislative Management

Informing the House that **House Bill Nos. 2351-74 to 2360-74**, and **House Resolution Nos. 172 and 174**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 15-74 Legislative Management

Informing the House that **House Bill Nos.**

2361-74 to 2377-74, **House Resolution Nos. 175 to 177**, **Special Committee Report Nos. 2 and 3**, and the **State Energy Program Summary**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 16-74 Legislative Management

Informing the House that **House Bill Nos. 2378-74 to 2426-74**, and **House Resolution Nos. 178 to 186**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 17-74 Legislative Management

Informing the House that **House Bill Nos. 2427-74 to 2446-74**, **House Resolution Nos. 187 to 193**, and **House Concurrent Resolution Nos. 23 and 24**, have been printed and distributed.

Signed by all members of the Committee except Representatives Ajifu and W. Chong.

SCRep. No. 18-74 Legislative Management

Informing the House that **House Bill Nos. 2447-74 to 2474-74**, **House Resolution Nos. 194 to 197**, and **Special Committee Report No. 4**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 19-74 Legislative Management

Informing the House that **House Bill Nos. 2475-74 to 2498-74**, **House Resolution Nos. 198 to 201**, and **Standing Committee Report Nos. 20 and 21**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 20-74 Consumer Protection on H. B. No. 2206-74

The purpose of this bill is to increase the salesman's filing fee from \$5 to \$10 and to make all fees for the motor vehicle industry licenses nonrefundable.

Initially, the present filing fee of \$5 has been in effect for 7 years, and your Committee agrees with the Motor Vehicle Industry Licensing Board that the increase of such fee to \$10 is reasonable.

Under existing law the filing and license fees are submitted with the applications. Whereas the filing fees are refunded to successful applicants, such fees are not refunded when the applications are denied or withdrawn, Your Committee believes that the bill's nonrefundable proposal is more equitable than the existing law because regardless of whether applications are approved, denied or withdrawn,

the costs of processing the various applications are approximately the same to the State.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 2206-74** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 21-74 Consumer Protection on H. B. No. 2207-74

The purpose of the bill is to increase the fees for examination given to engineers, architects, land surveyors and landscape architects.

The intent is to increase the fee for each examination from \$15 to \$20 and where the examination is limited to engineering fundamentals from \$5 to \$15. For the reasons given below, your Committee has amended the bill by increasing the fee for full examination from the proposed \$20 to \$25 and the fee for the partial examination from the proposed \$15 to \$20.

While the revenue from examination fees for 1973 was \$5,025.00, the cost to the State was \$8,139.43. Since the reported cost does not reflect the salaries of the staff, freight, postal and other agency expenses, the true revenue-cost disparity is much greater. Even with the increased fees the estimated revenue is expected to fall short of the estimated cost which is based on 1973 expense factors. Finally, since the bill was drafted, the State has been informed that the material cost of the standard examinations will be more expensive in 1974.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 2207-74**, as amended herein, and recommends that it be referred to your Committee on Finance in the form of the attached hereto as **H. B. No. 2207-74, H. D. 1**.

Signed by all members of the Committee.

SCRep. No. 22-74 Legislative Management

Informing the House that **House Bill Nos. 2499-74 to 2514-74, House Resolution Nos. 202 to 205, House Concurrent Resolution No. 25 and Standing Committee Report Nos. 23-74 to 29-74**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 23-74 Consumer Protection on H. B. No. 2177-74

The purpose of this bill is to amend chapter 437, Hawaii Revised Statutes, by adding therein a new section which will penalize any unlicensed person who acts as a motor vehicle dealer, motor vehicle salesman, motor vehicle auction, motor vehicle auctioneer, manufacturer, factory branch, factory representative, distributor, distributor

branch, or distributor representative in the State.

While the bill as drafted penalizes an unlicensed person if he conducts business in the various license categories, it fails to penalize a person already licensed if he violates any provision of the chapter. Your Committee, therefore, has amended the bill to account for the oversight.

Instead of adding a new penalty section to chapter 437 as proposed, your Committee further amended the bill so its provisions will replace the provisions of section 437-35. Existing section 437-35 presently provides a penalty for violations. However, its provisions were enacted when there were only two categories of licensees (dealers and salesman). Your Committee believes that the provisions of the bill as amended is more appropriate and that the single penalty section instead of two such sections would be less confusing.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 2177-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2177-74, H. D. 1**, and that it be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 24-74 Consumer Protection on H. B. No. 2210-74

The purpose of this bill is to restate the penalty section as provided in section 132-15, H. R. S., so it will be possible to further penalize a convicted violator of an offense if he continues to violate the same offense without making any corrections.

The present law does not prevent an alleged violator from allowing a violation to continue unabated following conviction and payment of the penalty. The bill amends existing law by making each day's violation or failure to comply a separate offense.

The bill's proposal is supported by the Department of Regulatory Agencies and the Counties of Hawaii, Maui and Honolulu, and your Committee believes that the amendment will better enable the affected public agencies to protect the life and property of the public.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 2210-74** 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. 25-74 Consumer Protection on H.B. No. 2209-74

The purpose of this bill is to amend sections 416-122 and 416-127, Hawaii Revised Statutes,

by reducing the number of times the Director of Regulatory Agencies must publish legal notices with respect to involuntary dissolutions of corporations from three times to a single publication, and to increase from 90 to 180 days the period within which the director may reinstate involuntarily dissolved corporations.

The bill will reduce the financial burden of the State with respect to the expenses that are incurred for the publishing such legal notices, and experience has shown that a longer time period should be afforded for the reinstatement of dissolved corporations.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 2209-74** 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 except Representative Yamada.

SCRep. No. 26-74 Consumer Protection on H. B. No. 2205-74

The purpose of this bill is to liberalize the credit disability policies issued by insurers.

Under existing law, the permitted rate structure for standard policies is designed, among other exclusions, to exclude disability to a foreign residence and disability resulting from a pre-existing condition for which the insured received or was advised to receive medical treatment during the six month period preceding the effective date of the policy. This bill eliminates the former exclusion and amends the latter pre-existing condition by limiting the exclusion to a six month period after the inception date of the policy.

These amendments have been recommended by the National Association of Insurance Commissioners. Your Committee believes that the law, as amended, is more equitable and that it will be more beneficial to the insureds.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 2205-74**, and recommends its passage on Second Reading and that it be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Yamada.

SCRep. No. 27-74 Consumer Protection on H. B. No. 2204-74

The purpose of this bill is to make a technical correction to Act 208, Session Laws of Hawaii 1973, by amending section 485-10 (g) (4) (B), Hawaii Revised Statutes.

Act 208 was enacted to regulate the business of dealing in options and commodity futures

contracts. The history of the bill shows that the original bill was amended twice. In the process the definition of "net issuers cash value" was inadvertently drafted incorrectly. This bill makes the necessary correction.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 2204-74**, and recommends its passage on Second Reading and that it be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Yamada.

SCRep. No. 28-74 Housing on H. B. No. 2058-74

The purpose of this bill is to prevent the retaliatory eviction of a tenant who is engaged in tenant organizational activities or who is a member of a tenant's union.

Under current law a landlord cannot remove a tenant involuntarily or demand a rent increase or decrease services to which the tenant is entitled if: 1) the tenant renders payment of his usual rent to the landlord or has receipts for rent lawfully withheld; 2) the tenant has complained in good faith to the department of health has filed a notice or complaint of a violation of a health law or regulation; 3) the tenant has in good faith requested for repairs under section 521-63 or 521-64.

Your Committee recommends amending Section 521-74 (a) by changing the period after (a) (3) to a semicolon with the addition of "or" and to include the following:

(4) The tenant has organized or become a member of a tenants' union or similar organization, or otherwise engages in tenant organizational activities.

Your Committee on Housing is in accord with the intent and purpose of **H. B. No. 2058-74** 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 Yamada.

SCRep. No. 29-74 Water, Land Use and Development on H. R. No. 161

The purpose of this Resolution is to postpone action on arrearages of Hawaiian Home loans until such time as the Department of Hawaiian Home Lands is able to fully and fairly examine each individual case with a view toward developing a fair and equitable repayment plan to cure the arrearages. The Resolution also seeks concurrent development of a preventive, education and social services program to be offered to homesteaders, where need therefor exists.

Your Committee conducted public hearings on February 4, 1974 and on February 6, 1974, and

received and heard testimony for and against the Resolution. Proponents of the Resolution have alleged the lack of equitable standards of administration of the Hawaiian Home loan programs, the inadequacy of necessary personnel to administer such programs, and the need for financial and social counseling for homesteaders, all of which appear as significant root causes of the arrearages in loan payments. Opponents of the Resolution state that in fairness to all homesteaders, the credit and collection procedures by the Department of Hawaiian Home Lands must be pursued with more than casual diligence; and that the Department of Hawaiian Home Lands would be failing in its lawful duty and responsibility in discontinuing or postponing hearings to review delinquencies and take some resolute action.

Not unmindful of the lawful duty and responsibility of the Department of Hawaiian Home Lands, your Committee seeks in this instance not only that which is legally right but also that which is just under the circumstances. From the testimony, your Committee is persuaded that the arrearages have resulted because of a combination of factors: (a) ineffective credit, collection and enforcement procedures, (b) insufficient qualified professional staff to adequately service the loan programs, (c) general lack of basic family financial management discipline and social adjustment among the borrowers, and (d) irresponsibility among some delinquent homesteaders. Indeed, the director of the Department of Hawaiian Home Lands testified that his department has been working with the Department of Budget and Finance in revising the credit and collection procedures; and recently in January, 1974, two collection officer positions and two typist positions were established to assist the department in servicing the accounts. Your Committee is hopeful that similar and other necessary efforts shall be made in providing family budget and financial management programs and other social programs to the homesteaders in need of such programs.

The matter of the citation hearings deserves some comment. The Department of Hawaiian Home Lands stated that such hearings are not new and have been a necessary part of its enforcement procedures for many years. Such hearings are resorted to only if all other avenues of collection have been exhausted. Recent efforts by the department to schedule a large number of hearings within a short time have inadvertently and unduly caused alarm on the part of the homesteaders with delinquent accounts who feared a new hard-line enforcement policy by the department that would, under the circumstances, perforce result in wholesale foreclosures, cancellation of leases and evictions. It should be noted that the Resolution does not seek a waiver of the delinquencies. As a proponent of the Resolution testified:

"...The issue is not whether people owe money. We know they do. The issue is

not whether people should pay the money they owe. We think they should. The issue is the reasons why the hearings are being held and the way in which the hearings are being held."

The director of the Department of Hawaiian Home Lands testified that there is no effort or policy by these hearings designedly or otherwise, to cancel leases and evict homesteaders; that the members of the Hawaiian Homes Commission have been very careful in their deliberations at the hearings which the commission sees as a vehicle to assist homesteaders within the limits of the Hawaiian Homes Commission Act; and that from the findings of these hearings, the department would be in a better position to make specific recommendations to the legislature for staffing, funding and programs to assist all homesteaders.

Your Committee finds that the Department of Hawaiian Home Lands is bound by law to carry out its enforcement duties for the collection of arrearages which have resulted, in some measure, from a context of circumstances over which the homesteaders have no control. For these reasons your Committee urges the Department of Hawaiian Home Lands to fully and fairly examine each individual case and to make every effort to avoid cancellation of leases by adjusting repayment schedules and providing refinancing. Your Committee also urges the department to continue to reexamine its credit, collection and enforcement procedures for improvement thereof, to develop a program for financial counseling and social services to each borrower in need of these services, and to secure such needed professional personnel to effectively manage the Hawaiian Home Loan program. Your Committee also recommends that a social worker be a part of the staff involved in all enforcement proceedings on delinquent accounts at which the borrower is present. Simply stated, your Committee seeks, by this Resolution, to focus attention to the need for the development of policies, practices and programs in the implementation of the Hawaiian Homes Commission Act that will eliminate the cause of arrearages. Efforts directed only at eliminating the arrearages themselves which are symptomatic of underlying ills and causes without due attention to the elimination of those ills and causes fall short of fulfilling the rehabilitative purposes of the Hawaiian Homes Commission Act.

Your Committee on Water, Land Use and Development concurs with the intent and purpose of H. R. No. 161 and recommends its adoption.

Signed by all members of the Committee.

SCRep. No. 30-74 Legislative Management

Informing the House that House Bill Nos. 2515-74 to 2546-74, House Resolution Nos. 206 to 211, and Standing Committee Report Nos. 31-74 and 32-74, have been printed and

distributed.

Signed by all members of the Committee.

SCRep. No. 31-74 Labor and Public Employment on H. B. No. 2178-74

The purpose of this bill is to amend Section 78-13, Hawaii Revised Statutes, to expressly make the salaries of public officers payable on a semi-monthly basis.

Section 78-13 presently requires that public "employees", except for certain part-time, intermittent, or casual employees, be paid at least twice a month. The foregoing provision does not expressly cover the payment of salaries to public "officers". As a matter of practice, however, elected and appointed public officers are paid on the same basis as public "employees". The Attorney General has recommended that Section 78-13 be amended to expressly cover the payment of salaries to public officers, as well as employees, and to remove any ambiguity on the salary periods of public officers.

Your Committee agrees that the statute should be amended to conform to current practice and to expressly make all public salaries, except those paid to certain part-time, intermittent, or casual employees, payable at least on a semi-monthly basis.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of **H. B. No. 2178-74** 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. 32-74 Labor and Public Employment on H. B. No. 2193-74

The purpose of this bill is to amend the Hawaii Occupational Safety and Health Law in several respects to make it conform to Federal standards.

Public Law 91-596, the Williams-Steiger Occupational Safety and Health Act, and regulations promulgated pursuant to said law prescribe Federal standards applicable throughout the country on occupational safety and health. The Act, however, permits a state to administer and enforce safety and health standards under its own law if the state's law is deemed "as effective" as the Federal Act by the Secretary of Labor. Act 57, Session Laws of 1972, was enacted in an effort to retain state authority by passing a law with standards which were thought to conform to those in the Federal law. The Office of the Assistant Secretary of Labor for Occupational Safety and Health reviewed Act 57 and recommended several amendments to make our law "as effective" as the Federal law and said recommendations were proposed for adoption by **H. B. No. 230** which passed three readings in the House during the 1973 legislative session and is now

being considered by the Senate. The Office of the Assistant Secretary of Labor has subsequently recommended several other changes and these additional recommendations are embodied in **H. B. No. 2193-74**. The bill also repeats several proposals in **H. B. No. 230** because of the technical form requirements for proposed legislation.

The proposed additions to or amendments of the Hawaii Occupational Safety and Health Law in **H. B. No. 2193-74** are:

1. An addition of a specific requirement for the filing of periodic reports by the department of labor and industrial relations with the Secretary of Labor (This is also in **H. B. No. 230**).

2. An amendment of the enforcement provisions to make it mandatory, rather than discretionary, for the director of labor and industrial relations to issue a remedial order to remedy unsafe conditions (This is also in **H. B. No. 230**).

3. An amendment of the enforcement provisions to compel the employer to post remedial orders at or near the place the violation has occurred, rather than in a prominent place.

4. An amendment of the enforcement provisions to delete the authority of the director or his subordinates to arrest persons for violations of the Occupational Safety and Health Law.

5. An amendment of the employee rights section to provide that in cases of discrimination against employees for refusing to engage in unsafe practices or for attempting to exercise their rights under the safety laws, the director shall, rather than may, order the employer to provide necessary relief for the employees, which can include reinstatement to a former job with back pay and restoration of seniority.

6. An addition of a new provision to require the withholding of names of complainants and witnesses from employers, in other than discharge or suspension cases where the names are obviously known to employers (This is also in **H. B. No. 230**).

7. An amendment of the employee rights section to delete a requirement for posting notices of nonaction on complaints by the department; the law would still require the department to notify the employees involved of its decision not to take action.

8. An amendment of the trade secrets section to make it more explicit that the confidentiality of trade secrets should be maintained and to authorize the director or a court to issue appropriate orders to protect such confidentiality.

Your Committee agrees that the foregoing amendments to the Hawaii Occupational Safety and Health Law should be enacted so the state may continue to exercise its authority in the area of occupational safety and health.

Your Committee on Labor and Public Employment is in accord with the purpose and intent of **H. B. No. 2193-74** 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. 33-74 Legislative Management

Informing the House that **House Bill Nos. 2547-74 to 2566-74**, **House Resolution Nos. 212 to 215**, and **Standing Committee Report Nos. 34-74 and 35-74**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 34-74 Consumer Protection on H. B. No. 193

The purpose of the bill is to update the licensing statute relating to veterinarians so the laws will conform to current practices.

The bill amends the existing law in the following particulars:

(a) License renewal fees are made payable to the Department of Regulatory Agencies instead of the "treasurer of the board";

(b) The renewal fee is fixed at \$15 instead of "such amount as shall, from time to time, be established by the board" but not to exceed \$15;

(c) An expired license may be reinstated if application is made within three years instead of permitting reinstatement without any time limitation; and

(d) Cancelling all licenses which have not been renewed for more than three years.

Your Committee finds that the suggested changes are desirable as they will conform the affected section of the laws to current licensing practices.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 193**, **H. D. 1**, and that it be referred to your Committee on Finance.

Signed by all members of the Committee except Representative Yamada.

SCRep. No. 35-74 Water, Land Use and Development on H. B. No. 2362-74

The purpose of **H. B. No. 2362-74** is to authorize the governor to respond to emergencies and crises caused by the current shortage of energy supplies. The bill in its introduced form accords to the governor vast emergency powers of crisis management.

Your Committee conducted a public hearing

on the bill and received and heard testimony thereon. From the testimony received and heard, and upon deliberation of the matter, your Committee finds that the current shortages of petroleum and petroleum product commodities constitute a threat to the public peace, health, safety and welfare of the people of this State. In order to palliate the seriousness of this plight, the Legislature must provide some means for equitable distribution of available supplies to all the people of this State and provide also for the purchase, where possible, of petroleum and petroleum product commodities to augment the available supplies. To this end, your Committee believes that the governor should be granted the power to (1) exercise the current powers exercised by him, through the Office of Consumer Protection, under a plan commonly identified as GASPLAN, or exercise such similar powers under a similar plan, (2) ration the available supplies of petroleum and petroleum product commodities, and (3) purchase petroleum and petroleum product commodities to augment the available supplies.

While **H. B. 2362-74**, as introduced, includes grants to the governor of the powers believed necessary as aforesaid, your Committee finds that the bill is unnecessarily broad in the total powers granted to the governor. Inherent in grants of extraordinary powers to the governor is the correlative encroachment upon the rights of citizens. Thus, your Committee has sought to utilize such existing laws as are applicable to the present energy crisis and to improve upon such existing laws as necessary to make them effective to alleviate and abate the kind of crisis we now suffer.

In the course of its deliberations, your Committee reviewed existing statutes which might be applicable to the present crisis and found that Chapter 125 of the Hawaii Revised Statutes appropriately covered the subject of the management of energy emergency crisis. Chapter 125 was originally enacted as Act 21, Session Laws of 1949, special session, and entitled "An Act Empowering the Governor and His Authorized Representatives to Take Measures to Make Available Necessary Commodities in an Emergency and to Take Measures Incidental Thereto; ..." Whereas **H. B. No. 2362-74** sought to add new statutory material by creating a new chapter in the Hawaii Revised Statutes, your Committee finds that with minor changes to chapter 125, the desired mechanisms for the management of the energy emergency crisis can be achieved, thus utilizing statutes we now have and avoiding a surplusage of new statutory material which overlaps with the existing. Accordingly, your Committee amended **H. B. No. 2362-74** by deleting all sections 1, 2, 3 and 4 of the bill and provided amendments as follows.

1. The bill as amended by your Committee provides for an amendment to section 125-2, Hawaii Revised Statutes, by empowering the governor, in order to make available commodities neces-

sary to the public health, safety and welfare in a declared emergency, with the additional authorization to "control the distribution of commodities by rules and regulation promulgated by the governor pursuant to chapter 91 to provide for the management of a declared emergency." This would allow the governor, by rules and regulations, to establish such means as the GASPLAN or a rationing plan to control the distribution of petroleum and petroleum product commodities. This would also include the power to control distribution by regulating all facets affecting distribution, including sale of petroleum and petroleum product commodities, the amount of sale, the hours and times of sale, the advertising and notice of sale of petroleum and petroleum product commodities. Your Committee has required the promulgation of rules and regulations according to chapter 91 (Administrative Procedures Act), which now already provides for emergency rule making and the immediate adoption of such rules for a period of not longer than 120 days. This appears a long enough period to deal with an emergency, and if it should appear that the emergency shall extend beyond the 120 days, the governor can prepare for the renewal of the rules long before the expiration thereof and satisfy chapter 91 requirements of notice and public hearings without interruption of the exercise of the governor's emergency powers under the rules and regulations.

It is noted that the governor, in the exercise of his powers under the GASPLAN, has deemed it proper to provide exemptions therefrom to certain counties which have managed to formulate their own plans for the control and distribution of petroleum and petroleum product commodities. Your Committee believes this to be a sensible approach inasmuch as each county may well be better versed with the habits, life styles and other exigencies unique and peculiar to its own county which may affect the manner in which the energy emergency crisis is managed.

Consequently, under this bill, as amended, it is intended that the governor proceed on a county by county basis in the management of the energy emergency crisis so that the rules and regulations shall allow a county, which has under its charter the right to declare an emergency and the powers to carry out a plan to cope with the emergency, to manage and administer the rules and regulations pursuant to the governor's powers to manage the energy emergency crisis.

2. Your Committee has included within the penalty section 125-7, Hawaii Revised Statutes, that it shall be a misdemeanor for any person who fails to observe or comply with the rules and regulation promulgated under the chapter.

3. Your Committee has included an appropriation clause which provides for an appropriation from the general revenues of the State sufficient monies as may be necessary for deposit from time to time into the fund established and for

which appropriation was made under Section 8 of Act 21, Session Laws of 1949, Special Session, to be used for the purchase of petroleum and petroleum product commodities pursuant to section 125-2(3) and for costs incident thereto; provided that such deposits shall be derived from and limited to funds that have not been allotted by the director of finance pursuant to the allotment system of chapter 37; provided further that all monies realized from the resale of such petroleum and petroleum product commodities shall be deposited into the said fund established under Section 8 of Act 21, Session Laws of 1949, Special Session; and provided further that upon the governor's declaration that the emergency which imperiled the availability to the public of petroleum and petroleum product commodities no longer exists, all monies appropriated and deposited pursuant to this section shall be removed from the said fund and returned to the general revenues of the State. The Appropriation originally made under said Section 8, Act 21, was \$10,000, which can be augmented from the governor's contingent fund. The appropriation made under this bill as amended is intended to enable the governor to purchase petroleum and petroleum product commodities to augment available supplies, and it is further intended that the governor shall exercise his power to purchase only in such instances where he has received assurances from ready buyers for resale of the petroleum and petroleum product commodities which shall be ultimately distributed to the consuming public. In this way, an immediate payback is contemplated so that the funds appropriated and the general revenues of the State are not prejudiced.

Your Committee has consulted with the attorney general's office on the approach taken by your Committee in the amendment of the bill and was informed that it appears to be a workable alternative.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of H. B. No. 2362-74, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H. B. No. 2362-74, H. D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 36-74 Finance on H. B. No. 2216-74

The purpose of this bill is to correct a loophole in the Hawaii income tax law by allowing a nonresident spouse to file a single return jointly with a resident spouse only if all the income without regard to source in the State of both spouses is included in the gross income and adjusted gross income on the joint return.

Presently the tax imposed by the income tax law applies to the entire income of a resident, computed without regard to source in the State. In the case of a nonresident, the tax applies to

the income received or derived from property owned, personal services performed, trade or business carried on, and any and every other source in the State.

A husband and wife, having that status for purposes of the Internal Revenue Code and entitled to make a joint federal return for the taxable year, may make a single return jointly of taxes under the Hawaii income tax law. In that case the tax shall be computed on the aggregate income and the liability with respect to the tax shall be joint and several; that is: (1) the gross income and adjusted gross income of husband and wife on the joint return are computed in an aggregate amount; (2) the deductions allowed and the taxable income likewise are computed on an aggregate basis; and (3) similarly, losses of husband and wife from sales or exchanges of capital assets are combined and the limitation on the loss deduction is determined by considering the combined taxable income of the spouses.

To so compute the tax on the aggregate income, as stated in the foregoing paragraph, the department has required a resident husband or wife making a joint return, if the other spouse is a nonresident, to file Form N-12, Resident Individual Income Tax Return. However, in a recent court decision, it was held that a resident taxpayer and his nonresident wife may file a resident joint return (Form N-12) but not include the income of the wife earned outside of the State. The Court held that the law provides for such exclusion and the loophole would be best corrected by legislation. This bill would correct this situation.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 2216-74** 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. 37-74 Finance on H. B. No. 2217-74

The purpose of this bill is to permit qualified individuals and corporations, if they elect, to pay any tax due on the basis of a percentage rate of $\frac{1}{2}$ of 1 percent on their gross sales in Hawaii.

In 1968 the State legislature adopted the Multistate Tax Compact. This compact allows any taxpayer, whose only activities within the taxing jurisdiction consist of sales and do not include owning or renting real estate or tangible personal property, and whose dollar volume of gross sales made during the tax year within the State is not in excess of \$100,000, may elect to pay any tax due on the basis of a percentage of such volume and adopt rates which shall produce a tax which reasonably approximated the tax otherwise due.

Approximately one-half of the states which have adopted the Multistate Tax Compact have

provided a percentage rate on dollar volume on gross sales. This bill would bring Hawaii into the ranks of those states allowing a tax under a percentage rate basis of those sales organizations not owning or renting real estate or tangible personal property in the taxing jurisdiction.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 2217-74**, 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. 38-74 Finance on H. B. No. 2179-74

The purpose of this bill is to identify specifically those persons in addition to a payee of a warrant who can file a claim for recovery if the warrant escheats.

Section 40-68 of the Hawaii Revised Statutes presently provides that warrants which are not presented to the State treasury for payment within a certain time shall expire, except that, if a claim is filed within the ten-year period following expiration, the payee or the payee's "legal representative", upon filing a claim for recovery, shall be paid the amount of such warrant.

The term "legal representative" is ambiguous and places the department of accounting and general services in the tenuous position of deciding who shall be paid when there are conflicting claims.

This bill would remove the term "legal representative" and would provide, in its place, for a claim to be filed by the executor, the administrator, or the residuary beneficiary of a deceased payee's estate. The statute, if thus amended, would therefore be sufficiently specific to avoid possible conflicting claims.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 2179-74** 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. 39-74 Finance on H. B. No. 2180-74

The purpose of this bill is to facilitate the bulk purchase of supplies that either can be purchased only in this manner or on which significant savings can be effected only by purchasing for bulk delivery rather than on price-term contract.

The Central Purchasing program has an operating budget line item titled "Supplies for Resale". It is currently budgeted at \$7,300 for 1974-75 which the Committee intends should be transferred into the revolving fund. Purchases under this program are for certain commodities, such as serially numbered inventory tags and purchase order forms, and other printed forms that require expensive press setups for each run regardless of

size where significant savings can be effected only by buying in bulk rather than on the usual price-term contract. Commodities so purchased are held in stock at central purchasing and are resold to using agencies as needed. Receipts from resale are deposited in the general fund and are not available for reuse.

This method of funding the purchase of supplies for resale is unrealistic and inefficient, for several reasons:

1. Its classification as a budget line item is misleading, since the funds it represents are not spent in the normal sense of the word. Rather, they constitute only a temporary loan, and the actual expenditure occurs when a using agency buys the supplies from its budget and consequently returns the central purchasing funds to the general fund.

2. This budget line item must be rejustified each year in the same manner as an actual expenditure item. This is sometimes very difficult, since requirements are often unpredictable; an unexpected revision of a standard form, or the publication of a booklet that is distributed on a sale, rather than free issue basis, and is funded through the "supplies for resale" allotment, can suddenly deplete the balance with no change of recoupment until the next fiscal year.

3. Being classified as a budget line item, the funds are allotted on a quarterly basis; balancing requirements against availability of funds can be difficult at times.

4. Despite all efforts to get enough money into this line item to support the normal purchase/resale procedure to the end of the year, the budget review process has frequently resulted in there not being sufficient funds appropriated to reach this goal. When this happens, it becomes necessary to proportion the cost of a bulk buy among the user agencies, get separate advance purchase orders from each of them, batch these in support of the central purchasing contract, either get the seller to make separate shipments to the agencies (which increases the cost) or bring the total quantity into central purchasing, break it down and deliver personally (which multiplies the effort) and finally to maintain a chain of receipts adequate to satisfy all parties to the transaction. This is an inefficient and awkward method that should be used only as a last resort.

Establishment of a revolving fund would eliminate all of the difficulties inherent in the present method of funding this service without adding to the cost of operation. Further, it would actually produce savings in personnel time and effort by deleting the annual budgeting requirements and restrictions and allowing central purchasing to buy and sell this class of supplies in a business-like manner. Finally, it would produce more accurate records of expenditures, since they would no longer show the State to be buying the same supplies twice as they do now.

Your Committee has amended this bill by adding the standard provision relating to the deletion of brackets, bracketed material and underscoring.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 2180-74**, as amended herein, and recommends that it pass second reading in the form attached hereto as **H. B. No. 2180-74, H. D. 1**, and be placed on the calendar for third reading.

Signed by all members of the Committee.

SCRep. No. 40-74 Finance on H. B. No. 2220-74

The purpose of this bill is to make a technical amendment to the law relating to an employer's liability for income taxes withheld from wages.

Section 235-64, Hawaii Revised Statutes, incorrectly makes reference to Section 416-126. This bill would correct the error by deleting this reference and replacing it with a provision which consistent with the intent of the law.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 2220-74** 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. 41-74 Legislative Management on Auditor's Reports Ended Oct. 31, 1973

BACKGROUND

Section 4 of Act 1, Session Laws of Hawaii 1973, provides that the House of Representatives shall have its accounts audited and provides further that a full report of such audit shall be presented to the House of Representatives. Pursuant to Act 1, arrangements were made with the Department of Accounting and General Services for the conduct of the audit. By letters dated January 25, 1973, the State comptroller transmitted to the House of Representatives his reports on the audit. The first report, "Auditor's Report For the Eleven Months ended October 31, 1973," is a report on the financial statement of the House of Representatives. In the report, the comptroller renders his opinion that the "financial statement presents fairly the information presented therein for the eleven months ended October 31, 1973, in conformity with generally accepted accounting principles applicable to governmental units applied on a basis consistent with that of the preceding year." The second report, "Report on Internal Control and Accounting Procedures For the Eleven Months ended October 31, 1973," contains the comptroller's comments and recommendations on matters relating to the maintenance of an adequate system of internal control and accounting procedures.

Your Committee has reviewed each recommendation made by the comptroller and renders in the following section a report on each recommenda-

tion, encompassing the implementation action taken or the Committee's intent to take implementation action.

FINDINGS AND RECOMMENDATIONS OF THE COMPTROLLER; EVALUATION OF THE COMMITTEE

Your Committee summarizes in this section each recommendation made by the comptroller and renders its report on implementation action taken or to be taken. The general evaluation of your Committee is that the recommendations made by the comptroller are valid recommendations and, when fully implemented, the recommendations will improve the internal control and accounting procedures of the House of Representatives. The specific recommendations are as follows, identified by subject matter:

(1) Mileage allowance. The comptroller recommends that, since Act 5, Session Laws of Hawaii 1969, deleted the provision for mileage allowance at the rate of 20 cents a mile each way for each session of the Legislature, mileage allowances should not be paid to members of the House. Your Committee agrees, and the recommendation has been implemented.

(2) Maintenance of equipment rental agreements and preventive maintenance contracts. The comptroller recommends that copies of equipment rental agreements and preventive maintenance contracts should be kept on file for verification of invoice charges for goods or services. Your Committee agrees, and the recommendation will be implemented.

(3) Delivery slips for merchandise purchases. The comptroller recommends that delivery slips or other receiving documents be kept on file to substantiate purchases of stationery and office supplies. Your Committee agrees, and the recommendation will be implemented.

(4) Long outstanding warrants. The comptroller notes the existence of a total of nine long outstanding warrants and recommends that the payees should be contacted to determine whether new warrants should be issued to replace the old ones after stop orders are issued or whether the warrants can be cancelled and the amounts returned to the State general fund. Your Committee agrees, and the recommendation will be implemented.

(5) Postage meter internal control. The comptroller recommends that the internal controls over the postage meter be strengthened by controlling the meter key whenever the meter is not in operation; ascertaining that all authorized employees operating the meter are recording the charges in the office log, recording daily in the ascending and descending amount log the ending meter readings, and reconciling periodically the postal charges recorded in the logs. Your Committee agrees, and the recommendations will be implemented.

(6) Daily postage log during the interim period. The comptroller recommends that the office log on postal charges should be maintained on a daily basis during the interim period. Your Committee agrees, and the recommendation will be implemented.

(7) Resolution on position allocations and salaries. The comptroller notes that there are instances in which the number of staff positions exceeded the number of positions authorized and the daily rate paid exceeded the rate established by the House resolution, and he recommends that any changes to positions or salaries be made only by including a provision for subsequent changes in the original resolution or adopting another resolution amending the original one. Your Committee agrees, and the recommendation will be implemented.

(8) Excessive withholding of income taxes. The comptroller notes instances of excessive withholding of income taxes for higher salaried employees and recommends that the bookkeeping machine program be revised so that it can accurately compute taxes for the larger salaries. Your Committee agrees, and the recommendation has been implemented.

(9) Property inventory listings not complete. The comptroller notes that, although most of the inventory items under House custody were included on the completed inventory listing, several items could not be found on the list, and he recommends that the inventory listing be corrected to include these items. Your Committee agrees, and the recommendation will be implemented.

(10) Inventory not tagged. The comptroller notes that several items under House custody did not bear State identification decals, and he recommends that procedures be instituted to assure that items are tagged as soon as they are received. Your Committee agrees, and the recommendation will be implemented.

(11) Equipment not in listed location. The comptroller notes that many items, especially chairs, could not be found in the locations designated on the inventory listing because of the constant shifting of furniture during the session. He recommends that an employee be designated in each office to be accountable for the furniture and equipment assigned to the office and that, should any item be moved, the person should be held responsible for the return of the item. Your Committee agrees, and the recommendation will be implemented.

(12) Stationery inventory. The comptroller notes that no up-to-date records were kept on stationery stored in a vendor's warehouse, and he recommends that an accurate record be kept of the quantity of stationery purchased, the quantity received, and the quantity still stored in the vendor's warehouse. Your Committee agrees, and the recommendation will be implemented.

(13) **Accounting and procedures manual.** The comptroller recommends the development of an accounting and administrative procedures manual to assure consistent and continued application of the policies and procedures established by the House for the safeguarding of assets and the reliability of financial records. Your Committee agrees, and the recommendation will be implemented.

(14) **Statement of automobile insurance coverage.** The comptroller recommends that all employees who will be operating their personal automobiles in the performance of their jobs be required to prove annually that their automobile insurance includes a specified amount of coverage for public liability and property damage. Your Committee agrees, and the recommendation will be implemented.

Your Committee believes that many of the weaknesses in House internal control and accounting practices are the result of the absence of an accounting and administrative procedures manual under which consistent practices can be applied. Your Committee intends to give the highest priority to the development of such a manual, even as corrective action is taken to implement the other recommendations of the comptroller. Where implementation actions on the recommendations have not been completed, your Committee intends to continue to monitor their implementation in order to assure that all recommendations are carried out with efficiency and dispatch. Toward this end, your Committee intends to report again to the entire House, not less than ten days prior to the end of the 1974 Regular Session, on the status of all implementation actions, together with any other recommendations which it might have to improve the operations of the House.

Signed by all members of the Committee.

SCRep. No. 42-74 Legislative Management

Informing the House that **House Bill Nos. 2567-74 to 2583-74, House Resolution Nos. 216 to 226, House Concurrent Resolution Nos. 26 to 28, Standing Committee Report Nos. 36-74 to 41-74, and Standing Committee Report Nos. 43-74 to 54-74**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 43-74 Water Land Use and Development on H. B. No. 2376-74

The purpose of this bill is to establish a research organization to be known as the Hawaii Natural Energy Institute to coordinate and undertake the development of non-polluting natural energy sources for Hawaii.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of **H. B. No. 2376-74**, and recommends that it pass Second Reading and be referred to the

Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 44-74 Labor and Public Employment on H. B. No. 2297-74

The purpose of this bill is to amend the Workmen's Compensation Law to :

1. Raise the maximum weekly benefit amount to \$125 per week and the minimum weekly benefit amount to \$38 per week effective July 1, 1974;

2. Raise the maximum weekly benefit amount to the level of the state average weekly wage and the minimum weekly benefit to 25% of the applicable maximum or \$38, whichever is higher, effective July 1, 1975, with annual adjustments of the maximum and minimum thereafter to reflect changes in the state average weekly wage; and

3. Set the base for determining permanent partial disability in non-schedule injuries at 312 times the applicable maximum.

The Workmen's Compensation Law presently sets the weekly benefit amount payable to disabled workers and dependents of deceased workers at 66-2/3% of the average weekly wages of the injured or deceased worker at the time of injury, subject to a maximum of \$112.50 and a minimum of \$18. It also sets a base of \$35,100 for determining compensation payable for permanent partial disability where the schedule of benefits payable for permanent partial disability in Section 386-32 does not specifically cover the member involved in the injury and the disability must therefore be rated as a percentage of total loss or impairment of the physical or mental function of the whole person. The \$35,100 figure is equivalent to 312 times the present maximum weekly benefit amount of \$112.50. An example of the application of the foregoing provision would be an injured worker who is permanently disabled to the extent of 10% of the whole man due to a back or brain injury; as neither the back nor the brain are specifically mentioned in the schedule of benefits for permanent partial disability, he would now be entitled to receive 10% of \$35,100 or \$3,510.

The bill proposes to increase the maximum weekly benefit amount of \$125 and the minimum weekly benefit amount to \$38 on July 1, 1974. It proposes to set maximum and minimum benefit amounts on the basis of the average weekly wage in the state commencing on July 1, 1975, with annual adjustments of said maximum and minimum amounts to reflect changes in the average weekly wage thereafter. The state average weekly wage for the foregoing purposes will be the amount determined annually by the director of labor and industrial relations as the state average weekly wage under the Unemployment Compensation Law where maximum weekly benefit amounts are tied directly to the state average weekly wage.

The bill also proposes that the base for determining permanent partial disability in cases where permanent partial disability must be rated as a percentage of total loss or impairment of the physical or mental function of the whole man be raised from \$35,100 to 312 times the effective maximum weekly benefit. The present base of \$35,100 is equivalent to \$122.50, the present maximum, multiplied by 312, the number of weeks of compensation now payable for the loss of an arm, the most highly valued member in the schedule of permanent partial disabilities. For example, if the effective maximum computed pursuant to the proposed amendment is \$140 per week, the base for determining permanent partial disability would be $\$140 \times 312$, or \$43,680. A person disabled to the extent of 10% of the whole man would then be entitled to \$4,368, rather than the present \$3,510.

Your Committee agrees that an amendment of the benefit structure of the Workmen's Compensation Law is in order. The present maximum of \$112.50 per week became effective in 1965 and many injured workers are now receiving less than 2/3rds of their wages in compensation benefits due to substantial increases in wage levels since then. An increase in the maximum benefit amount payable under the law to the level of the state average weekly wage in two steps and its maintenance at said average figure through an annual adjustment process will provide a desired flexibility in the law, as will the proposal to set the minimum benefit amount on the basis of a percentage of the applicable maximum. The proposal will remove part of the inequity of injured workers and dependents of deceased workers receiving less than 2/3rds of the weekly wages of the injured or deceased workers, the intended benefit amount. It also agrees that the base for determining permanent partial disability in cases of non-schedule injuries should be set at 312 times the applicable maximum as this would be necessary to maintain the present comparative base for determining compensation in such cases.

The foregoing proposals were supported by the director of labor and industrial relations, the Inter-Industry Workmen's Compensation Study Committee, and the Board of Underwriters of Hawaii at a public hearing conducted on the bill. The director also noted that the proposals are in line with the recommendations of the National Commission on State Workmen's Compensation Laws.

Your Committee has made a technical amendment on page 12 of the bill to correctly state §386-32, as amended by Act 47, Session Laws of 1973.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H. B. No. 2297-74, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H. B. No. 2297-74, H. D. 1, and be referred to the Committee on Consumer Protection.

Signed by all members of the Committee.

SCRep. No. 45-74 Labor and Public Employment on H. B. No. 2295-74

The purpose of this bill is to amend the Workmen's Compensation Law by:

1. Adding language to Section 386-42 which would make a widower who was living with his deceased wife at the time of her death from an industrial injury, as well as a widow who was living with her deceased husband at the time of his death, eligible to receive death benefits under the law; and

2. Adding language to Section 386-43 to make it conform to Section 386-42 with respect to dependency benefits payable to an unmarried dependent child who is under 22 years of age and a full-time undergraduate college student.

Section 386-42 presently makes death benefits payable to a widow of a deceased worker if she was living with him or was actually dependent upon him at the time of his death from an industrial injury. The section, however, makes death benefits payable to a widower only if he is incapable of self-support and was actually dependent upon his wife at the time of her death from an industrial injury.

This bill proposes that similar rights be awarded widows and widowers with regard to eligibility for death benefits. Both categories of survivors would be eligible for benefits upon a showing of having lived with injured workers. No showing of incapability of self-support or actual dependency would be required of widowers.

Your Committee agrees with the director of labor and industrial relations that where both spouses were employed it can be assumed that the household required the incomes of both and that the death of either spouse would result in economic hardship. It also agrees that the present provisions discriminate against members of one sex and should be removed from the law.

The second proposal in the bill is a technical amendment to bring Section 386-43 into conformity with Section 386-42. Section 386-42, which defines dependents, now deems an unmarried child below 22 years of age and a full-time undergraduate college student a dependent for benefit purposes. Section 386-43, covering the duration of benefits, however, does not mention a child in the foregoing category. The proposed amendment to Section 386-43 would remedy what appears to have been an inadvertent omission. As Section 386-42 already grants benefits to the category of dependents involved, no new rights are being created and the amendment merely serves to clarify language.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H. B. No. 2295-74 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection.

Signed by all members of the Committee.

SCRep. No. 46-74 Water, Land Use and Development on **H. B. No. 1324**

The purpose of this bill is to provide for the initial development, planning and coordination for a demonstration park and trail system in West Hawaii to be known as Ala Kahakai (Trail by the Sea) Project. It will supply a wide range of recreational needs for almost every user group including fishermen, snorkelers, hikers, campers, photographers, environmentalists, explorers and historians. It will provide a showcase for the unique natural and cultural treasures of this area. It will also help to develop the economic potential of the region by a method compatible with maintenance of natural and cultural resource values.

Your Committee was informed that the preliminary planning, including field investigations of the Ala Kahakai Project is being handled by both the Department of Planning and Economic Development and the Department of Land and Natural Resources. The location of the project extends from the old Kona Airport to Puukohola National Historic Site, Kawaihae and has been given much consideration. The two departments recommended in a report that planning proceed on a statewide trail system with Ala Kahakai as a demonstration project. The County of Hawaii, the National Park Service and a number of private citizens were involved in the report. These multiple agencies and individuals will also be involved in the planning of the demonstration project, as it is expected that each of them will have administrative interests in segments of the final product.

The initial development and planning appropriated for \$100,000 shall be expended by the Department of Land and Natural Resources instead of the Department of Planning and Economic Development. We have amended this bill to show the change of expending agency.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of **H. B. No. 1324**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 1324, H. D. 1** and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 47-74 Water, Land Use and Development on **S. B. No. 965**

The purpose of this bill is to give the Department of Land and Natural Resources the power to enforce the law to protect historical sites and objects, and public and private property used for recreational purposes. It clarifies the definition of the State Park System to which rules and enforcement apply.

Instances have shown private property either

destroyed or damaged, archaeological sites raided, and other natural resources damaged by a small minority of the public. Your Committee believes that the bill will discourage vandalism and minimize the adverse effects of some members of the public. As stated by the Sierra Club, "It would be quite unfortunate to allow the actions of an irresponsible minority jeopardize the recreational opportunities of the majority."

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of **S. B. No. 965, 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. 48-74 Water, Land Use and Development on **H. B. No. 2363-74**

The purpose of this bill is to provide for development of a state program for energy planning and conservation to plan, develop, promulgate and disseminate methods which encourage the public to conserve fuels and energy and to develop alternate sources of energy.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of **H. B. No. 2363-74**, 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. 49-74 Finance on **H. B. No. 2261-74**

The purpose of this bill is to delete the requirement that the comptroller of the University of Hawaii co-sign checks of the Research Corporation of the University, by amending Section 307-9, Hawaii Revised Statutes.

The present procedure requiring the comptroller's signature creates an unnecessary workload on such officer. This bill proposes that the co-signers be the Executive Director of the Corporation and some other person authorized by the board of directors.

Existing internal controls that the Corporation maintains are adequate in meeting both State and federal purchasing requirements. In addition, the Corporation employs the services of an external certified public accountant and its report is submitted to the Board annually.

Your Committee has amended this bill by bracketing the word "or" and adding the word "and" so that the phrase at the end of the section reads "approved by the executive director [or] and some other person authorized by the board of directors." This corrects an error in the original bill.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 2261-74**, as

amended herein, and recommends that it pass second reading in the form attached hereto as **H. B. No. 2261-74, H. D. 1**, and be placed on the calendar for third reading.

Signed by all members of the Committee.

SCRep. No. 50-74 Finance on H. B. No. 2185-74

The purpose of this bill is to permit the exclusion of such reimbursable general obligation bonds from the State debt limit proportionately to the extent such reimbursement is made from either the revenues or user taxes derived in the fiscal year or from surplus revenues or user taxes derived in prior fiscal years and carried forward into the fiscal year, by amending Section 39-92, Hawaii Revised Statutes.

Under Part IV, Chapter 39, Hawaii Revised Statutes, reimbursable general obligation bonds issued for revenue-producing undertakings are excluded from the State debt limit proportionately to the extent reimbursement of the interest and principal of such bonds is made to the general fund from the revenues or user taxes of such undertaking derived in the fiscal year. If a revenue-producing undertaking does not produce sufficient revenues or user taxes in the fiscal year to reimburse the general fund for principal and interest payments on reimbursable general obligation bonds issued for such undertaking, a portion of the reimbursable general obligation bonds issued for such undertaking and all of the authorized but unissued reimbursable general obligation bonds for such undertaking must be counted against the State debt limit, thereby reducing the State's general obligation borrowing power. This is the case even though the undertaking has surplus revenues or user taxes from prior fiscal years and reimbursement to the general fund is in fact made in full from such surplus revenues or user taxes. Under present law, in order to avoid having the reimbursable general obligation bonds counted against the debt limit, rates and charges for the undertaking (such as dormitory room rates) or user taxes (such as motor vehicle gasoline taxes) would have to be increased even though the undertaking had available surplus revenues or user taxes from prior years. This bill would eliminate, whenever there are sufficient surplus revenues or user taxes and without the necessity of increasing rates and charges or user taxes, the counting of the reimbursable general obligation bonds against the State's debt limit when such reimbursement is in fact made in full. The exclusion proposed by this bill will be reflected favorably in the State's borrowing power for such programs as university dormitories or highways.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 2185-74** 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. 51-74 Finance on H. B. No. 2186-74

The purpose of this bill is to clarify the appointment of fiscal agents for special facility revenue bonds and to further provide that the Director of Finance may elect not to serve as fiscal agent for such bonds, by amending Section 261-55, Hawaii Revised Statutes.

The proposed amendment was prompted in part by questions raised by Manufacturer Hanover Trust Company, present trustee for the airport special facility revenue bond issue, which questioned whether there exists statutory authorization for the appointment of fiscal agents to handle the destruction of cancelled bonds and interest coupons of the airport special facility revenue bonds. Chapter 40-11 of the Hawaii Revised Statutes specifically permits the appointment of fiscal agents to handle the destruction of cancelled bonds and coupons of the State. The trustee prefers that clarification be made for its appointment as fiscal agent for the special type of bonds which it handles.

Under this proposal, if a trustee is appointed for airport special facility revenue bonds as permitted by Subsection 6 of Section 261-55, Hawaii Revised Statutes, the Director of Finance would be authorized to elect not to perform mechanical functions with respect to such bonds, but instead authorize the trustee to perform them. The costs and expenses of such trustee are paid by the user of the special facility.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 2186-74** 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. 52-74 Finance on H. B. No. 2192-74

The purpose of this bill is to amend Section 338-14, Hawaii Revised Statutes, relating to the vital statistics program of the Department of Health in two areas, i.e., use of computer tapes and fees for correction work.

1. Computer Tapes.

At the present time, the health departments of most states send a microfilm copy of each vital statistics certificate (birth, death, fetal death, marriage and divorce) to the National Center for Health Statistics, U.S. Public Health Service, at a contract price of 4 cents per image. The National Center for Health Statistics codes the items on the vital statistics certificates, places the data on computer tapes, tabulates and analyzes the data, and publishes annual volumes called "Vital Statistics of the United States."

Since most states, including Hawaii, are already coding the same data and putting the data on computer tapes, the method proposed in this bill of sending to the U.S. Public Health Service

computer tapes of vital statistics data prepared by the State under strict guidelines prescribed by the National Center for Health Statistics would avoid duplication and facilitate the information transmittal process.

A new contract price per vital statistics record would be negotiated for the data provided to the Center, a price which would at least reimburse Hawaii for the cost involved. Whereas the present reimbursement for microfilm transcripts was negotiated more than ten years ago on the basis of cost of microfilming, the new proposal will take into consideration reimbursement for partial cost of maintaining the state vital statistics system.

2. Fees for Correction Work.

The correction section of the Department's Research and Statistics Office has a sizeable workload backlog. A substantial amount of correction work is time consuming. The proposed charge of \$3.00 per application for correction of vital statistics certificates is justified since the applicants are receiving special vital statistics services.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 2192-74** 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. 53-74 Finance on **H. B. No. 2184-74**

The purpose of this bill is to continue the temporary increase in the interest ceiling for general obligation bonds to eight per cent until March 31, 1975.

Act 2, Session Laws of Hawaii 1973, raised the interest ceiling on general obligation bonds of the State from 6 per cent to 8 per cent for a period of 12 months. Unless renewed, the interest ceiling will revert to 6 per cent on April 1, 1974. This bill will retain the 8 per cent interest ceiling for an additional 12 months.

During fiscal year 1972-73, expenditure for capital improvement projects financed by general obligation bonds totaled \$125 million and contractual encumbrances on June 30, 1973 totaled \$108 million. Expenditure for capital improvement projects is expected to remain high in view of the amount of bonds authorized but unissued and bonds must be sold to provide the necessary financing.

The events today, at home and abroad, indicate that the money market will continue to be a volatile one and no one can accurately predict what interest rates will be.

Your Committee has been informed that in recent bond issues the interest rate was 5 per cent and lower. However, in order to guard against any extreme fluctuation in the bond market and in

order to ensure that the State of Hawaii will be in a position to sell its bonds and to continue its capital improvements program, an upward adjustment of the interest rate for another 12 months is still advisable.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 2184-74** 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. 54-74 Finance on **H. B. No. 2195-74**

The purpose of this bill is to authorize the sale of duplicates of microfilms of documents recorded in the bureau of conveyances by adding a new section to the Hawaii Revised Statutes.

Currently all land records of the bureau are on microfilm. As a result, the bureau has received several inquiries regarding the acquisition of duplicates of these microfilms. Requests have come from people dealing with land title documents in both the private sector as well as government agencies.

Since duplication of these microfilms is a relatively simple matter, this bill proposes to permit their sale and establishes a fee therefor.

Your Committee has amended this bill by substituting the words "state or county" for the word "governmental" in the first paragraph of the new section, thus limiting the free service to Hawaii state and county agencies.

Your Committee has amended this bill further by substituting the word "the" for the word "said" in the second paragraph of the new section.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 2195-74**, as amended herein, and recommends that it pass second reading in the form attached hereto as **H. B. No. 2195-74, H. D. 1**, and be placed on the calendar for third reading.

Signed by all members of the Committee.

SCRep. No. 55-74 Legislative Management

Informing the House that **House Bill Nos. 2584-74 to 2610-74, House Resolution Nos. 227 to 235, House Concurrent Resolution No. 29, Standing Committee Report Nos. 56-74 and 57-74, and Floor Amendment on House Bill No. 2362-74, House Draft No. 2**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 56-74 Labor and Public Employment on **H. B. No. 2050-74**

The purpose of this bill is to amend the Temporary Disability Insurance Law by adding

minimum benefit standards which must be met by a negotiated sick leave plan before it can be approved by the director of labor and industrial relations as meeting an employer's obligation under the law to provide temporary disability benefits for his employees.

The Temporary Disability Law obligates employers to provide temporary disability benefits for their employees. The usual way for an employer to meet this obligation is through the purchase of an insurance policy that provides the benefits enumerated in the law. However, an employer with a negotiated sick leave plan or agreement which was in effect on January 1, 1970, the date temporary disability benefits became payable, is also considered under Section 392-41 to have met his obligation. Said section further permits the extension of these plans, with or without modification, and many sick leave plans with benefits inferior to those enumerated in the law have been kept in effect and have been considered as meeting employers' obligations. Substantial numbers of employees have therefore been receiving less by way of disability benefits than the law actually provides.

This bill proposes to amend Section 392-41, Hawaii Revised Statutes, to provide that any negotiated sick leave plan or agreement which was in effect on January 1, 1970, may be extended if the benefits provided by the plan or agreement, as extended or modified, are found by the director of labor and industrial relations to be as favorable as the benefits provided by the law. It will require all negotiated sick leave plans or agreements with sub-standard benefits to be modified to provide benefits approximating those specified in the law on an actuarial basis before they can be extended beyond their present terms.

Your Committee agrees that employers should not be relieved of legal obligations to employees through sick leave plans with benefits inferior to those enumerated in the Temporary Disability Insurance Law. Plans with sub-standard benefits should be upgraded to provide benefits as favorable as those enumerated in the law before they are further extended.

Your Committee on Labor and Public Employment is in accord with the purpose and intent of **H. B. No. 2050-74** 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. 57-74 Water, Land Use and Development on **H. B. No. 2085-74**

The purpose of this bill is to amend Section 171-50, Hawaii Revised Statutes, pertaining to exchanges of public lands for private lands, by providing that any exchange be subject to approval by majority vote of both houses rather than being subject to disapproval by two-thirds majority vote of either house or by majority vote of both.

Your Committee found that the Legislature has no way of reviewing the department's intent, and your Committee upon consideration of the bill recommends that the language of Section 171-50(c) be retained as is, and further recommends the following be added to subsection (c):

Twenty (20) days prior to the start of any regular or special session, the department shall submit for introduction to the Legislature a resolution for appropriate action on any exchange.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of **H. B. No. 2085-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2085-74, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 58-74 Legislative Management

Informing the House that **House Bill Nos. 2611-74 to 2641-74, House Resolution Nos. 236 to 240, and Standing Committee Report Nos. 59-74 to 63-74**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 59-74 Housing on **H. B. No. 1104**

The purpose of this Bill is to amend Section 359G-11.1, Hawaii Revised Statutes, to allow community associations incorporated as non-profit corporations to apply for interim construction loans from the authority for housing for low- and moderate-income persons.

The present law does not allow the authority to extend loans to nonprofit community associations from the proceeds of bond sales. As a result community organizations such as the Hawaii Council for Housing Action have not been able to become effective alternatives to State-sponsorship of private developments. The ability of private, nonprofit development corporations to obtain low interest construction loans from the State should serve as a stimulus to the production of units that will be priced at cost rather than at fair market value.

Your Committee on Housing is in accord with the intent and purpose of **H. B. No. 1104** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 60-74 Finance on **H. B. No. 2206-74**

The purpose of this bill is to delete the provision that allows the application of motor vehicle industry filing fees to license fees, and to increase the salesman's or auctioneer's filing fee from \$5 to \$10.

Under present provisions of law, the filing fee is to become part of the license fee when the application for a license is approved. The filing fee is not refundable when an application is denied or withdrawn. This bill deletes statutory language and the effect is that all motor industry filing fees will become State revenues to cover the cost of the processing of applications, regardless of whether the application is approved, denied or withdrawn.

The \$5 filing fee for application of salesman's or auctioneer's licenses has existed for over seven years and the increase to \$10, as proposed in this bill, is reasonable to meet the actual cost of processing applications.

Your Committee has amended this bill by deleting the phrase "Filing fees shall not be refundable." The language is unnecessary, if the present provisions of Section 437-7(c) (2) are deleted.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 2206-74**, as amended herein, and recommends that it pass second reading in the form attached hereto as **H. B. No. 2206-74, H. D. 1**, and be placed on the calendar for third reading.

Signed by all members of the Committee except Representative A. Chong.

SCRep. No. 61-74 Finance on H. B. No. 2328-74

The purpose of this bill is to amend the definition of "person totally disabled" in the Income Tax Law by amending Section 235-1, Hawaii Revised Statutes.

The Department of Health is required to certify the disability. It has over three years of experience with Act 90, Session Laws of Hawaii 1970, wherein several definitions of disablement were added to Section 235-1 for the purpose of income tax exemptions. Previously, only the blind were exempted. Act 90 added the deaf and totally disabled, but also included a limited definition of "totally disabled" covering only a few categories; for example:

"absence of feet or hands (or one foot and one hand)," "injury or defect resulting in permanent and complete paralysis of both legs or both arms or one leg and one arm," and "injury or defect resulting in incurable imbecility or insanity."

The Department has turned down many people with conditions just as disabling, or more so, than those specified, but not conforming to the limited definitions. Such disabilities as severe heart trouble, kidney disease, arthritis, neurological disease, pulmonary disease, brain damage, and the like, do not qualify under the law as it now stands.

Especially confusing has been the fifth definition, "an injury or defect resulting in incurable

imbecility or insanity." The terms "imbecility" and "insanity" are loose and medically archaic and practically without meaning. These conditions are also difficult to substantiate.

The proposed revised definition would minimize the discrimination which now exists in the present version of the law.

Your Committee has amended this bill by correcting the misspelling of the word "disabled" in the first line of the definition of "person totally disabled."

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 2328-74**, as amended herein, and recommends that it pass second reading in the form attached hereto as **H. B. No. 2328-74, H. D. 1**, and be placed on the calendar for third reading.

Signed by all members of the Committee except Representative A. Chong.

SCRep. No. 62-74 Finance on H. B. No. 2207-74

The purpose of this bill is to increase the examination fee for the licensing of professional engineers, architects, land surveyors and landscape architects.

This bill proposes to increase the examination fee from \$15 to \$25, or in the case of an examination in part only on engineering fundamentals, the fee increase is from \$5 to \$20.

Examination fee receipts for 1973 totalled \$5,025.00, but the cost of examinations amounted to \$8,139.43. It is the intent of this bill that the higher fee will meet the increased examination cost.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 2207-74, H. 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 except Representative A. Chong.

SCRep. No. 63-74 Finance on H. B. No. 2375-74

The purpose of this bill is to appropriate moneys out of the general revenues of the State in the total sum of \$130,764.29 to compensate certain persons pursuant to Chapter 351, Hawaii Revised Statutes, Criminal Injuries Compensation Act.

The amounts appropriated under Section 1 represent awards payable to victims, dependents or other claimants directly upon warrants issued by the comptroller. The appropriation under Section 3 is payable to the department of social services and housing for period payments to the named victim.

During the past calendar year, the Criminal

Injuries Compensation Commission received 151 new applications, which when added to the 101 applications carried forward from 1972, totaled 252 cases for consideration. Of that number, 121 applications were disposed of, leaving 131 claims pending. Orders awarding compensation were issued in 95 cases, denials ordered in 19 cases, and 7 applications were withdrawn.

In addition to the 95 awards to victims or dependents, 8 awards are for medical services and 12 are to attorneys. These 20 awards are made to assure direct payment to doctors and hospitals for medical services rendered, and to attorneys rather than combining these claims with those of the respective victims or dependents, and the payments of these victims and dependents were accordingly reduced. The amounts of the awards as determined by the Commission were subject to review by the departments of budget and finance and the attorney general.

Your Committee has amended this bill to delete references to criminal acts suffered by victims and has substituted the case numbers used by the Commission as the only reference necessary.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 2375-74**, as amended herein, and recommends that it pass second reading in the form attached hereto as **H. B. No. 2375-74, H. D. 1**, and be placed on the calendar for third reading.

Signed by all members of the Committee except Representative A. Chong.

SCRep. No. 64-74 Legislative Management

Informing the House that **House Bill Nos. 2642-74 to 2653-74, House Resolution Nos. 241 to 248, House Concurrent Resolution No. 30, and Standing Committee Report Nos. 65-74 to 70-74**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 65-74 Housing on H. B. No. 94

The purpose of this Bill is to maintain and increase the pool of apartment units with rental rates within the financial means of low-and middle-income persons.

This would permit owners of apartment units to dedicate their lands for the use of low- and middle-income persons under the Real Property Tax Law, Chapter 246, Hawaii Revised Statutes. Owners desiring to dedicate their lands petition the Director of Taxation who, in turn, requests the authority to make a finding of fact on the suitability of the land for such purpose and the proposed rental rates. The Director of Taxation is required to approve the petitions when the findings are favorable to owners.

Approved petitions declare the owners' lands are dedicated lands under the Real Property Tax

Law. Dedicated lands are exempted from the general excise tax under Chapter 237, Hawaii Revised Statutes.

The dedication must be for a minimum period of five years and is automatically renewable indefinitely. Penalties are provided against owners violating the provisions of the Act.

Your Committee on Housing is in agreement that this Bill is a necessary step toward preserving the pool of apartment rental units available at rates within the means of low- and middle-income persons.

Your Committee on Housing has amended **H. B. No. 94, H. D. 1** by deleting the word "of" from page 4, line 13, of the original bill for the reason that the word was a typographical error.

Your Committee on Housing is in accord with the intent and purpose of **H. B. No. 94, H. D. 1** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 66-74 Judiciary and Corrections on H. B. No. 2082-74

The purpose of this bill is to amend the occupational licensing law. This bill lowers the age requirement from 20 to 18 for a motor vehicle salesman's or dealer's license, and lowers the age requirement from 25 to 22 for a private detective's or guard's license. This bill further amends existing law by making technical corrections involving grammar, numbering and punctuation, but without substantive change.

Your Committee on Judiciary is in accord with the intent and purpose of **H. B. No. 2082-74**, 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. 67-74 Judiciary and Corrections on H. B. No. 2190-74

The purpose of this bill is to clarify the law on marriage (Chapter 572) by repealing Section 572-14 concerning marriage certificates which is no longer applicable and by transferring to Chapter 572 appropriate sections of the vital statistics law which pertain to marriage license applications, solemnization, and certification. This will consolidate all laws pertaining to marriage licenses, solemnization and certification in Chapter 572 of the Hawaii Revised Statutes.

Your Committee on Judiciary and Corrections is in accord with the intent and purpose of **H. B. No. 2190-74** 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. 68-74 Finance on S. B. No. 1481-74

The purpose of this bill is to continue the temporary increase in the interest ceiling for general obligation bonds from 6 per cent to 8 per cent for a period of twelve months, until March 31, 1975.

Your Committee has been informed that in recent bond issues, the interest rate was 5 per cent and lower. However, in order to guard against any extreme fluctuation in the bond market and to ensure that the State will be in a position to sell its bonds to continue its capital improvements program, an upward adjustment of the interest rate for another twelve months is still advisable.

The purpose of this Senate bill is the same as **H. B. No. 2184-74**. After a public hearing and due consideration of **H. B. No. 2184-74**, your Committee submitted **House Standing Committee Report No. 53-74**, and in accordance with such report, **H. B. No. 2184-74** passed second reading. Subsequently, **H. B. No. 2184-74** was recommitted to this Committee.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1481-74** 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. 69-74 Finance on S. B. No. 1514-74

The purpose of this bill is to establish a revolving fund to facilitate the bulk purchase of supplies under the central purchasing program of the department of accounting and general services. These supplies are then resold to State agencies.

Establishment of a revolving fund would eliminate all of the difficulties inherent in the present method of funding this service without adding to the cost of operation. It would further produce savings in personnel time and effort by deleting the annual budgeting requirements and restrictions.

The present program is budgeted at \$7,300 for fiscal year 1974-75. This amount will be transferred to the revolving fund to initially accomplish the purpose of this bill.

The purpose of this Senate bill is the same as **H. B. No. 2180-74**. After a public hearing and due consideration of **H. B. No. 2180-74**, your Committee submitted **House Standing Committee Report No. 39-74**, and in accordance with such report, **H. B. No. 2180-74** passed second reading. Subsequently, **H. B. No. 2180-74** was recommitted to this Committee.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1514-74** 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. 70-74 Finance on S. B. No. 1518-74

The purpose of this bill is to authorize the sale of duplicates of microfilms of documents recorded in the bureau of conveyances by adding a new section to the Hawaii Revised Statutes.

Currently, all land records of the bureau are on microfilms. As a result, the bureau has received several inquiries regarding the acquisition of duplicates of these microfilms. Requests have come from people dealing with land title documents in both the private sector as well as government agencies.

Since duplication of these microfilms is a relatively simple matter, this bill proposes to permit their sale and establishes a fee therefor.

The purpose of this Senate bill is the same as **H. B. No. 2195-74**. After a public hearing and due consideration of **H. B. No. 2195-74**, your Committee submitted **House Standing Committee Report No. 54-74**, which amended **H. B. No. 2195-74**, and in accordance with such report, **H. B. No. 2195-74**, **H. D. 1** passed second reading. Subsequently, **H. B. No. 2195-74**, **H. D. 1** was recommitted to this Committee.

Your Committee has amended this bill by substituting the words "any agency of the State of Hawaii or counties thereof" for the words "any agency of the Hawaii State Government" at the end of the first paragraph.

Your Committee on Finance is in accord with the intent and purpose of **S. B. No. 1518-74**, **S. D. 1**, as amended herein, and recommends that it pass second reading in the form attached hereto as **S. B. No. 1518-74**, **S. D. 1**, **H. D. 1**, and be placed on the calendar for third reading.

Signed by all members of the Committee.

SCRep. No. 71-74 Legislative Management

Informing the House that **House Bill Nos. 2654-74 to 2675-74**, **House Resolution Nos. 249 to 253**, **House Concurrent Resolution No. 31**, and **Standing Committee Report Nos. 72-74 to 96-74**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 72-74 Legislative Management

PRINTSHOP PRINTED MATTERS
TO WEEK ENDING FEBRUARY 16, 1974

PRINTED ITEM	NO. OF PRINTED ITEMS		NUMBER OF PAGES	
	CURRENT	TO DATE	CURRENT	TO DATE
House Bills	139	519	569	2938
House Resolutions	28	212	55	468
House Concurrent Resolutions	3	25	6	79
Standing Committee Reports	12	13	29	39
Special Committee Reports	1	4	5	49
OTHERS:				
Appendix			—0—	7
Certifications			—0—	18
House Rules			—0—	47
Status of Bills			334	947
Summaries			—0—	8
Miscellaneous			45	243
TOTALS	183	773	1043	4843

PRINTSHOP MATERIALS COST REPORT
TO WEEK ENDING FEBRUARY 16, 1974

I T E M	SUPPLIES USED		ITEM COST	A M O U N T	
	CURR. WK.	TO DATE		CURR. WK.	TO DATE
Paper, Bond 8½ × 11-16#	(Reams)	(Reams)			
White	772	3939	\$ 1.54	1,188.88	\$6,066.06
Blue	9	57	1.58	14.22	90.06
Bluff	4	21	1.58	6.32	33.18
Canary	25	136	1.58	39.50	214.88
Green	105	231	1.58	165.90	364.98
Pink	14	75	1.58	22.12	118.50
	929	4459			
Masters	2200	9100	5.25	115.50	* 477.75
Toner	1	13	5.75	5.75	74.75
Blanket, Multilith 10 × 15	—0—	1	6.05	—0.0—	6.05
10 × 18	—0—	2	10.73	—0.0—	21.46
Cover, Mollenton	—0—	3	7.35	—0.0—	22.05
Ink	1½	8	1.55	2.32	12.40
Mix, Developer	—0—	2#10oz	11.80	—0.0—	11.80
Pads, Cotton	8	36	1.81	14.48	65.16
		35pcs	.0532		
Sheets, Blanket Cleaner	2½	9pkg	2.66	6.65	25.80
Solutions:					
Electrostatic	9	20	10.70	96.30	214.00
Blankrola	1½	5	17.60	26.40	88.00
Deglazer	1	8	3.00	3.00	* 24.00
Water, Distilled	2	8½	2.00	4.00	17.00
T O T A L S *Adjusted Totals				\$1,711.34	*\$7,947.88

Signed by all members of the Committee.

SCRep. No. 73-74 Housing on H. B. No. 1204

The purpose of this bill is to provide a mechanism whereby landowners of separate, adjoining, undevelopable parcels can combine their holding into one large parcel which can be developed. The profits or revenues earned from that project would be distributed to the separate

owners on the basis of their pro-rata contribution to the development. This pro-rata share would be determined by appraisals of each parcel.

Your Committee on Housing has found that there exists a number of small parcels of land that are currently undevelopable because of county zoning ordinances. Consequently, units on non-

conforming lots are deteriorating as the owners cannot demolish their old units and build new ones. The adoption of a land readjustment act would allow for the more efficient use of land, especially in highly urban areas with a number of nonconforming lots.

Your Committee has amended **H. B. 1204** to convert it to a long form bill.

Your Committee on Housing is in accord with the intent and purpose of **H. B. 1204**, as amended herein, and recommends that it be recommitted to your Committee on Housing in the form attached hereto, as **H. B. 1204, H. D. 1**.

Signed by all members of the Committee.

SCRep. No. 74-74 Transportation on H. B. No. 2226-74

The purpose of this bill is to convert the authorized but unissued revenue bonds that are required for funding of harbor capital improvement projects to reimbursable general obligation bonds.

Your Committee on Transportation is in accord with the intent and purpose of **H. B. No. 2226-74** and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 75-74 Labor and Public Employment on H. B. No. 440

The purpose of this bill is to provide that a public employee who retires or leaves the government service in good standing with sixty or more days of unused sick leave would be entitled to additional service credit in the retirement system.

Your Committee finds that a very small percentage of government employees do at times abuse their sick leave privileges. This small percentage of employees has caused the other employees to question whether or not sick leave privileges should be treated as a privilege and not something to be taken advantage of. Your Committee feels that providing for a retirement credit for unused sick leave would reward those employees who did not take advantage of the sick leave privilege.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of **H. B. No. 440** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Wakatsuki.

SCRep. No. 76-74 Labor and Public Employment on H. B. No. 442

The main purpose of this bill is to provide for the equal apportionment of union members and employers on the Board of Trustees of the State

Retirement System. This bill also proposes to allow the Board of Trustees the sole power to determine benefits and eligibility for benefits, to invest retirement funds and employ persons necessary to administer the system.

The Board of Trustees presently consists of seven members: the Director of Finance, ex-officio; three members elected by the membership, one of whom must be a school teacher and two of whom must be general employees; and three members who are appointed by the Governor, one of whom must be a banker or with similar experience.

This bill would change the composition of the Board from seven members to eight as follows:

Four to be elected by the members, all of whom shall be general employees, to be known as "union trustees",

Four to be appointed by the Governor, all of whom shall be either directors or deputy directors of departments of the State or county governments, to be known as "employer trustees".

Your Committee on Labor and Public Employment is in accord with the intent and purpose of **H. B. No. 442** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 77-74 Labor and Public Employment on H. B. No. 444

The purpose of this bill is to provide that the surviving spouse of a retirement system member who dies in service when he was eligible for service retirement may elect to receive a slightly more general allowance than presently provided under law.

Presently, the surviving spouse may elect to receive Option 3 which pays one-half of the monthly benefit a retired employee receives if the retiree dies.

This bill would change the option choice from Option 3 to Option 2, which pays the same monthly benefit to a survivor that the retiree receives while he is alive. This is a more generous benefit and would encourage qualified employees to remain in service and not leave as soon as they are eligible for service retirement.

According to the Actuary for the Retirement System the cost to provide this benefit would be approximately \$1.0 million a year with the State's share amounting to about \$750,000.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of **H. B. No. 444** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 78-74 Labor and Public Employment on H. B. No. 445

The purpose of this bill is to provide a retirement benefit for ordinary disability which is comparable to that for service retirement.

Under existing law, the ordinary disability consists of 25% of average final compensation for service of 10-15 years plus 1% for each full year of service over 15. This benefit is low when compared to the benefit for service retirement, consisting of 2% of average final compensation multiplied by the number of years of creditable service. Thus, a person with 20 years of service will receive only 30% of average final compensation as compared to 40% if such a person were able to retire for service below age 55 with less than 25 years of service.

This bill would increase the retirement benefit by providing an allowance of 1-3/4% of average final compensation multiplied by the number of years of creditable service but in no event would the benefit be less than 30% of average final compensation. Hence, a person with 20 years of service would receive a benefit of 35% of average final compensation ($1.75\% \times 20$ years), as against 30% under existing law.

The Actuary for the retirement system estimates that this benefit would cost approximately \$450,000 per year of which the State's share would be \$337,500.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H. B. No. 445 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 79-74 Labor and Public Employment on H. B. No. 563

The purpose of this bill is to place all house parents at the Hawaii School for the Deaf and the Blind on a full twelve-month employment schedule.

Presently, these house parents are employed for only ten months of each year because of the schedule of the school. During the remaining months, they must use up any accumulated vacation and apply for unemployment compensation. This is unfair to the workers and results in many problems with the Health Fund and other benefits.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H. B. No. 563 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 80-74 Labor and Public Employment

on H. B. No. 681

The purpose of this bill is to permit any county employee who retired prior to July 1, 1945 and who is drawing a pension, to elect to become a member of the State Retirement System and be entitled to benefits under part II-C of chapter 88. It also provides for a blank appropriation to buy back service credit.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H. B. No. 681, H. D. 1, and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 81-74 Labor and Public Employment on H. B. No. 865

The purpose of this bill is to authorize the county in which the retiree resides to count all county service to determine eligibility for the pension applicant. Presently, only service performed in one county can be counted toward a pension.

For instance, an employee could have performed four years service on Oahu, three years on Kauai and seven years on Hawaii and still not earn a county pension because he did not meet the ten-year single county employment requirement established by law. This bill would correct this situation.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H. B. No. 865 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 82-74 Labor and Public Employment on H. B. No. 867

The purpose of this bill is to assign to the directors of personnel services of the State and the counties, with the approval of the respective chief executives, the authority to promulgate rules and regulations on leaves. Existing law authorizes rules and regulations on vacations and sick leaves but is silent on promulgation of rules on other leaves.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H. B. No. 867, H. D. 1, and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 83-74 Labor and Public Employment on H. B. No. 1159

The purpose of this bill is to amend the Workmen's Compensation Law to provide for the adjustment of present and future benefit payments to claimants in the long-term disability or

dependency categories to reflect increases in the statutory maximum in weekly benefit amounts. The specific proposals are to:

1. Provide current benefit adjustments for those injured workers who are and have been totally and continuously disabled for more than two years and whose benefit awards are subject to a statutory limitation in weekly benefit amounts below the present maximum of \$112.50;

2. Provide current benefit adjustments for those dependents of deceased workers who are receiving benefits under awards subject to a statutory limitation in weekly benefit amounts below the present maximum of \$112.50;

3. Provide future benefit adjustments for those injured workers who have been totally and continuously disabled for more than two years whenever the statutory maximum weekly benefit amount is raised during their disability periods;

4. Provide future benefit adjustments for dependents of deceased workers whenever the statutory maximum weekly benefit amount is raised while they are receiving benefits.

5. Make the adjusted portions of benefits increased and paid because of this bill reimbursable to employers or their insurance carriers from the state Special Compensation Fund.

Examples of the specific application of the proposals are as follows:

1. Where a person is presently receiving a weekly benefit of \$75 due to an injury or death which occurred while the weekly maximum was \$75, he would have the benefit adjusted to \$112.50, the present maximum.

2. Where a person is presently receiving a weekly benefit of less than \$75 because of an injury or death which occurred while the maximum was \$75, he would receive an adjusted benefit computed on the basis of the following formula:

$$\frac{(\text{amount of award}) \times (\text{present maximum})}{(\text{maximum at time of injury or death})} = \text{adjusted benefit}$$

$$\text{or } \frac{\$50 \times \$112.50}{\$75} = \$75$$

The adjusted benefit thus computed would be \$75 per week for a person who is receiving \$50 per week.

3. Where a person is presently receiving a weekly benefit of \$112.50, the present maximum, and the maximum is subsequently raised to \$150, he would likewise have his benefit adjusted to \$150.

4. Where a person is presently receiving a weekly benefit of \$75 and the maximum is subsequently raised to \$150, he would have his

benefit adjusted to \$100 through the application of the proposed adjustment formula.

The director of labor and industrial relations strongly recommends the adoption of this measure as there are beneficiaries who are receiving benefits substantially below present benefit levels. In 1972, for example, there were 78 persons receiving permanent total disability benefits, 17 receiving less than \$100 per month, 15 receiving between \$100.01 and \$200 per month, and 12 receiving from \$201.01 to \$300 per month. The director's recommendations are consonant with earlier recommendations of the Council or State Governments.

Your Committee agrees with the director that some effort to alleviate the economic situations of the long-time disabled as well as dependents of deceased workers receiving benefits substantially inferior to the present benefit structure is necessary. It also agrees that the benefits should be adjusted when maximum benefit levels are raised to make it possible for claimants to maintain their standards of living.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of **H. B. No. 1159, H. D. 1**, and recommends that it be referred to the Committee on Consumer Protection.

Signed by all members of the Committee.

SCRep. No. 84-74 Labor and Public Employment on H. B. No. 1498

The purpose of this bill is to provide that the director may, with the prior approval of the chief executive, declare a shortage category. This bill also deletes the requirement of reporting all shortage category determination to the legislature.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of **H. B. No. 1498** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 85-74 Labor and Public Employment on H. B. No. 1504

The purpose of this bill is to increase the salaries of first deputies or first assistants to the head of any department of the State from 85% to 90% of the director's salary.

Your Committee has amended this bill to allow the increase of the salaries of first deputies or first assistants from 85% to 90% of the director's salary. This bill originally allowed for an increase from 85% to 95% of the director's salary.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of **H. B. No. 1504, H. D. 1**, and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 86-74 Legislative Management on H. B. No. 2431-74

The purpose of this bill is to improve and clarify the ombudsman statute by amending Chapter 96, Hawaii Revised Statutes.

Your Committee has made certain amendments to the bill to improve its clarity. In its amended form, the bill amends the present law in the following respects:

1. Section 96-1 is amended by clarifying the present exclusion relating to the courts by using the words "The judiciary and its staff" in place of the words "A court"; and by further excluding from the jurisdiction of the ombudsman, the lieutenant governor and his personal staff, the mayors and their personal staffs, and the councils, their committees and their staffs. By using the words judiciary and its staff, it makes explicit the fact that the ombudsman does not have jurisdiction over the various offices within the judicial branch. The lieutenant governor and the mayors and the councils of the various counties are excluded from the jurisdiction of the ombudsman for the same reasons that the governor and the legislature are excluded from the jurisdiction of the ombudsman. The reason for all such officers being excluded is to preclude the ombudsman from intruding in the political processes or to interfere with policy making at the highest levels. Those elected officials are directly responsible to the electorate.

2. Section 96-2 is amended to provide that the ombudsman may hold over till his successor is appointed. The amendment would allow an incumbent to legally hold over after his term had expired until the legislature makes an appointment. This provision would also conform the ombudsman statute with the provisions of law which presently allow the legislative auditor and the director of the legislative reference bureau to hold over until their successors are appointed.

3. Section 96-3 is amended to: (a) allow the first assistant to the ombudsman to be paid at the same percentage rate as that presently allowed to be paid to the first deputy to the legislative auditor and to the first assistant to the director of the legislative reference bureau; (b) allow the first assistant to temporarily assume the duties of the ombudsman when he is either temporarily absent from Oahu or temporarily unable to perform his duties; and (c) explicitly provide that funds for the office be included in the legislative expense bill, as is the present practice.

4. Section 96-6 is amended to eliminate a seeming incongruity in different sections of the present law by explicitly providing that the ombudsman has some discretion in determining which cases he will investigate. However, if he decides not to investigate, the provisions of section 96-7 still require the ombudsman to notify

the complainant and to state his reasons.

Your Committee on Legislative Management is in accord with the intent and purpose of H. B. No. 2431-74, as amended herein, and recommends that it be referred to your Committee on Finance in the form attached hereto, as H. B. No. 2431-74, H. D. 1.

Signed by all members of the Committee.

SCRep. No. 87-41 Labor and Public Employment on H. B. No. 1158

The purpose of this bill is to make certain benefits presently being paid under the Unemployment Compensation Law payable under the Temporary Disability Insurance Law instead and to levy an additional assessment for the Special Disability Fund to cover the anticipated additional liability to be assumed by said fund. The bill as introduced also proposed the repeal of the pregnancy disqualification in the Unemployment Compensation Law, a purpose which has already been achieved.

An eligibility requirement for unemployment compensation benefits is that a claimant be "able and available for work", as such benefits are intended for those who are in the labor market but unable to secure employment. Section 383-29, however, contains a proviso which makes it possible for a claimant to receive benefits without interruption if he becomes ill or otherwise disabled while he is receiving benefits, in spite of the general eligibility requirement of being "able and available". This is generally referred to as the "medical waiver" proviso.

The pertinent language was added to the Unemployment Compensation Law in 1961, before temporary disability benefits became available to workers who are ill or disabled from causes unrelated to work. As benefits payable under the proviso are only payable as long as the disabled claimant is not offered a suitable job, there is a somewhat rational basis for such continued unemployment benefits. Until the claimant is offered suitable employment, the cause of his continued lack of work could still be justifiably ascribed to a lack of work.

The Temporary Disability Insurance Law was enacted in 1969 for the specific purpose of providing partial wage replacement benefits for workers who became disabled from causes unrelated to employment. However, the "medical waiver" proviso was not affected by the T.D.I. law and benefits to disabled claimants are still being paid under Chapter 383, the Unemployment Compensation Law.

Your Committee agrees with the director of labor and industrial relations that it would be more logical for benefits to individuals who become disabled from causes not related to work to be paid under the program designed and intended for such purpose and not from another

program intended for the benefit of persons who are actually in the employment market and are able to accept jobs when offered. The liability for the benefits involved should be transferred to the program for disability benefits.

Your Committee has amended the bill to delete the proposal to repeal the pregnancy disqualification and to reflect other language changes effectuated by amendments passed in 1973.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of **H. B. No. 1158**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 1158, H. D. 1**, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 88-74 Labor and Public Employment on H. B. No. 2049-74

The purpose of this bill is to amend Chapter 394, the Manpower Development and Training Act, to authorize the department of labor and industrial relations to contract with private industry for the training and job placement of unemployed persons and to make an appropriation in an unstated amount for the implementation of the bill's purpose.

Section 394-3 presently authorizes the department of labor and industrial relations to contract with the Department of Education and the University of Hawaii system for the training of unemployed persons.

This bill proposes to expand the authority of the director to also allow him to contract with private industry for the training and job placement of unemployed individuals. It also proposes that a contracting employer be made responsible for paying the trainees at the minimum wage level and that the state pay them the difference between the minimum wage and the prevailing wages for the jobs involved.

The director of labor and industrial relations supported this bill in his testimony before your Committee. However, he recommended the amendment of the section in several respects to provide the department with desirable flexibility in carrying out its purpose. He also informed your Committee that no present appropriation of funds would be required for the implementation of the bill's purpose. Approximately \$525,000 of the \$593,884 appropriated for the State Manpower Development and Training Program for the present biennium is presently unobligated and available to the department.

Your Committee has amended the bill to allow the department of labor and industrial relations to contract with other public agencies besides the Department of Education and the University of Hawaii and to make it discretionary, rather than mandatory, for the State to assume the difference

between the minimum wage level and prevailing wages in cases of contracts between the department and private industry. The appropriation section has also been deleted from the bill as no present funding will be required for the program.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of **H. B. No. 2049-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2049-74, H. D. 1**, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 89-74 Federal-State-County on H. R. No. 144

The purpose of this resolution is to request the Kohala Task Force to formulate proposals to acquire and save the Kohala Sugar Company and other troubled agricultural enterprises.

Your Committee on Federal, State and County Relations concurs with the intent and purpose of **H. R. No. 144** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 90-74 Federal-State-County on H. C. R. No. 12

The purpose of this resolution is to request the Kohala Task Force to formulate proposals to acquire and save the Kohala Sugar Company and other troubled agricultural enterprises.

Your Committee on Federal, State and County Relations concurs with the intent and purpose of **H. C. R. No. 12** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 91-74 Federal-State-County on H. B. No. 2215-74

The purpose of this bill is to provide for an exception to the twenty days' notice for a public hearing as required under the Administrative Procedure Act for the adoption, amendment or repeal of rules. This bill would except rules required by the Federal government as a condition to receiving federal funds from the notice requirement.

Your Committee on Federal, State and County Relations is in accord with the intent and purpose of **H. B. No. 2215-74** 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. 92-74 Transportation on H. B. No. 2222-74

The purpose of this bill is to correct ambiguities contained in Act 214, Session Laws of Hawaii 1973, by revising the categories of motor vehicles for licensing purposes and by correcting the age requirement for issuance of licenses to operate buses.

Your Committee on Transportation is in accord with the intent and purpose of **H. B. No. 2222-74** 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. 93-74 Transportation on H. B. No. 2228-74

The purpose of this bill is to conform the State Boating Law (Chapter 267, H. R. S.) with Federal laws and requirements.

Your Committee on Transportation is in accord with the intent and purpose of **H. B. No. 2228-74** 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. 94-74 Transportation on H. B. No. 2371-74

The purpose of this bill is to clarify the law requiring vehicles to display certificates of inspection.

Presently, Section 286-25, Hawaii Revised Statutes, as amended (the penalty provision) refers to only one particular subsection of Section 286-26, Hawaii Revised Statutes, relating to certificates of inspection, rather than referring to all of the provisions contained in Section 286-26, Hawaii Revised Statutes. The legislative history of Chapter 286, Hawaii Revised Statutes, however, makes it abundantly manifest that the Legislature intended that noncompliance with each and every subsection of Section 286-26 was to be punishable in accordance with the penalties provided in Section 286-25, Hawaii Revised Statutes. **H. B. 2371-74** is a proposed amendment to Section 286-25, Hawaii Revised Statutes, to conform to the original intent.

Your Committee finds that the need for clarification is critical. In accordance with a judgment and decree effective December 5, 1973, law enforcement officers of the City and County are "permanently restrained and enjoined from arresting, stopping, or detaining persons, pursuant to Section 286-25, Hawaii Revised Statutes, as that section now reads, for operating or parking on a public highway a vehicle not certified or bearing a sticker pursuant to Section 286-26(a), (b), (c) or (e), Hawaii Revised Statutes." (Emphasis added.) Prosecutors are similarly restrained and enjoined from prosecuting in the courts persons cited for such violations.

Your Committee on Transportation is in accord

with the intent and purpose of **H. B. No. 2371-74** 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. 95-74 Transportation on S. B. No. 1509-74

The bill makes it a misdemeanor to deface, destroy, remove or alter the identification number of a vessel and a misdemeanor to possess a vessel knowing that its identification number has been unlawfully changed, altered, erased or mutilated.

E. Alvey Wright, Director of Transportation, State Department of Transportation, testified in favor of the bill. Federal regulations require that the identification number of a vessel be permanently affixed to the hull of a vessel by the manufacturer of the vessel. The bill supplements and supports the Federal vessel identification program.

The bill also outlines the steps to be taken to restore the vessel to its owner where the identification number has been removed, defaced or altered and the owner is ascertained. The bill further provides for the disposition of the vessel pursuant to Section 267A of the Hawaii Revised Statutes, relating to abandoned vessels, where its identification number has been removed, defaced or altered and the owner of the vessel cannot be ascertained.

Your Committee on Transportation is in accord with the intent and purpose of **S. B. No. 1509-74** 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. 96-74 Legislative Management and Finance on H. R. No. 225

The purpose of this Resolution is to provide for an independent, private firm to conduct a complete audit of all expenditures of the House of Representatives under the appropriations of Act I, Session Laws of Hawaii 1973 and to submit a complete report on its examination to all members of the House of Representatives not less than ten days prior to the closing of the Regular Session of 1974.

A public hearing was held on this Resolution on February 22, 1974.

The Committees find that the audit requested will cost in excess of \$20,000.00 and your Committees have reviewed the monies appropriated for the operation of the Legislature and find that there will be sufficient funds from those monies to fund the audit.

Your Committees agree that an independent audit should be conducted. Your Committees believe that the audit would result in recommendations to improve the operations and fiscal and

internal controls of the House, including assistance in identifying those areas which should be covered by documented systems and procedures. In addition, your Committees believe that the audit will support the House in its continuing efforts to make itself a more effective and efficient body. The initiation of this independent audit should not be construed to cast any doubt on any member or employee of the House or to reflect unfavorably on the professionalism of prior audits.

Your Committee on Legislative Management and your Committee on Finance concur with the intent and purpose of **H. R. No. 225** and recommend its adoption.

Signed by all members of the Committee.

SCRep. No. 97-74 Legislative Management

Informing the House that **House Bill Nos. 2676-74 to 2701-74, House Resolution Nos. 254 to 264, House Concurrent Resolution Nos. 32 and 33, and Standing Committee Report Nos. 98-74 to 107-74**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 98-74 Federal-State-County on H. B. No. 1477

The purpose of this bill is to make an appropriation for the continuance of the Community Action Programs for a period of one year.

Your Committee has amended this bill by providing for a \$300,000.00 funding for this program and changing the effective date to July 1, 1974.

Your Committee on Federal, State and County Relations is in accord with the intent and purpose of **H. B. No. 1477**, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as **H. B. No. 1477, H. D. 1**.

Signed by all members of the Committee.

SCRep. No. 99-74 Federal-State-County on H. B. No. 682

The purpose of this bill, as amended, is to authorize the remission of State taxes in instances where property has been damaged or destroyed by waves caused by "ocean wave action."

As originally worded, this bill would authorize the remission of taxes under the provisions of the disaster relief law (Chapter 246, Hawaii Revised Statutes) for property damaged or destroyed by "ocean wave action."

Your Committee finds that victims of "ocean wave action" have no relief from State income taxes since tax relief for natural disaster losses require the declaration of a natural disaster by the

governor. Your Committee has therefore amended this bill to provide relief for victims of "ocean wave action" from State income as well as property taxes.

Your Committee on Federal, State and County Relations is in accord with the intent and purpose of **H. B. No. 682, H. D. 1**, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as **H. B. No. 682, H. D. 2**.

Signed by all members of the Committee.

SCRep. No. 100-74 Transportation on H. B. No. 749

The purpose of this bill is to amend the allowable uses of the state and county highway funds by permitting the use of such funds for bikeway purposes.

Your Committee upon consideration of a companion bill has already endorsed the changes recommended herein. There is, however, an immediate need to make specific appropriation for bikeways since much of the highway funds are earmarked for other highway uses. Your Committee, therefore, has amended the bill to provide for an appropriation for bikeways.

Your Committee on Transportation is in accord with the intent and purpose of **H. B. No. 749, H. D. 1**, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as **H. B. No. 749, H. D. 2**.

Signed by all members of the Committee.

SCRep. No. 101-74 Judiciary and Corrections on H. B. No. 2146-74

The purpose of this bill is to allow persons engaged in the business of preparing tax returns to disclose information upon the written consent or request of the person for whom the tax return is being prepared.

Under the present provisions of Section 231-15.5, Hawaii Revised Statutes, prohibiting the disclosure of information by return preparers, it is unclear whether or not a return preparer may disclose information received in connection with the preparation of a return even upon the request of the taxpayer involved. This bill would make clear that a return preparer may disclose information upon the written consent or request of the person for whom the return preparer is preparing a tax return.

Your Committee on Judiciary and Corrections is in accord with the intent and purpose of **H. B. No. 2146-74** 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. 102-74 Judiciary and Corrections on **H. B. No. 2268-74**

The purpose of this bill is to allow a larger number of consumers to avail themselves of the inexpensive service provided by the small claims division of the district courts instead of initiating costlier legal proceedings in higher state courts, by increasing the jurisdictional limitation of the small claims courts.

Your committee has amended this bill to increase the jurisdictional limitation from \$500 to \$1,000 as being more realistic in reducing the increasing costs of litigations.

Your Committee on Judiciary and Corrections is in accord with the intent and purpose of **H. B. No. 2268-74** as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2268-74, H. D. 1** and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 103-74 Water, Land Use and Development on **H. B. No. 2085-74**

The purpose of this bill is to amend Section 171-50, Hawaii Revised Statutes, pertaining to exchanges of public lands for private lands, by requiring the department to submit for introduction to the legislature, a resolution for appropriate action on any exchange, 20 days prior to the start of any regular or special session.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of **H. B. No. 2085-74, H. D. 1** and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. No. 104-74 Water, Land Use and Development on **H. R. No. 57**

The purpose of this resolution is to request that the Department of Land and Natural Resources establish a rotating system of shoreline fishing areas that would make certain areas closed to shoreline and recreational fishing on a rotating basis. In this way, no one area will continue to be open to fishing until the supply of marine life is depleted. Present statutory provisions provide for fishing prohibitions in only selected waters of the State rather than all waters of the State and are enforced sporadically and inconsistently because of a lack of manpower available. Therefore, it is deemed necessary that the State institute a rotating plan for fishing areas in the State.

Your Committee was made aware of the importance of the accumulation of baseline data in planning for marine conservation. In 1971, the Department of Land and Natural Resources first proposed a concept known as the Kapuku Plan which recognized the need for rotating fishing areas. Such a system was innovative and wasted

and it was necessary to complete baseline surveys before the plan could be implemented on even an experimental basis. However, due to budgetary constraints and a severe manpower shortage, efforts to collect necessary data were suspended. Present efforts to reactivate the project are being coordinated with the Marine Affairs Coordinator and the University of Hawaii's Department of Marine Programs, but it is clear that the more basic data must be accumulated and monitoring must be carried out before a workable management plan can be devised.

Your Committee, in consideration of the testimony given, has amended this resolution requesting the Department of Land and Natural Resources to commence a baseline survey of the area between the Kapahulu Groin to the Diamond Head Lighthouse in order to collect data necessary to establish some sort of workable system for rotating of fishing areas. The Department of Land and Natural Resources is also requested to report to the House of Representatives, Eighth Legislative, 1975 Session, results relating to the study and the establishment of the system for rotating of fishing areas.

Your Committee on Water, Land Use and Development concurs with the intent and purpose of **H. R. No. 57**, as amended herein, and recommends its adoption in the form attached hereto as **H. R. No. 57, H. D. 1**.

Signed by all members of the Committee.

SCRep. No. 105-74 Water, Land Use and Development on **H. R. No. 58**

The purpose of this resolution is to request that the Department of Transportation develop a comprehensive system of trails for recreational purposes.

Your Committee was informed that the Department of Land and Natural Resources has already developed a system of about 600 trails within its State Parks and Forest Reserve Areas. It is recognized that the responsibility for the development of a comprehensive system of trails would be better met by the Department of Land and Natural Resources rather than the Department of Transportation because of the experience demonstrated by the former in existing trail development.

Your Committee upon consideration of this resolution recommends that it be amended to provide that the Department of Land and Natural Resources be named as the responsible agency rather than the Department of Transportation.

Your Committee on Water, Land Use and Development concurs with the intent and purpose of **H. R. No. 58**, as amended herein, and recommends its adoption in the form attached hereto as **H. R. No. 58, H. D. 1**.

Signed by all members of the Committee.

SCRep. No. 106-74 Housing on H. R. No. 37

The purpose of this Resolution is to request the Speaker of the House of Representatives to appoint a committee to review the housing problems and policies related to the elderly.

Your Committee has found that the problems and high costs associated with the housing market work extreme hardships on the elderly who have a difficult time maintaining a decent standard of living with their fixed incomes. The high prices and rents in the market have caused a large demand for public housing for the elderly, a demand which is not met by existing supply. Furthermore, your Committee has found that the minimum tax on real property which was recently passed by the Legislature is an additional burden to senior citizens.

Your Committee feels that an evaluation of such policies as the minimum real property tax is in order. Furthermore, a general review of the housing needs and problems of the elderly is necessary to better allocate the State's resources in programs related to elderly housing.

Your Committee on Housing amended **H. R. 37** by deleting the fifth paragraph which reads as follows: "WHEREAS, elderly people have expressed concern over the lack of communication between themselves and the housing authority, the proposed increase in rents, and the need for additional housing; and". In testimony given by the housing authority it was learned that the authority did in fact maintain close contact with the State's commission on aging and with the tenant advisory councils on matters affecting those two groups, including the increase in public housing rents.

Your Committee on Housing is in accord with the intent and purpose of **H. R. 37**, as amended herein, and recommends its adoption in the form attached hereto as **H. R. 37, H. D. 1**.

Signed by all members of the Committee.

SCRep. No. 107-74 Housing on H. R. 43

The purpose of this Resolution is to request your committee to hold hearings in which the county governments, representatives of the various building trades and related fields would testify before the Committee on Housing on the following: (a) the existing county building and comprehensive zoning codes; (b) to re-examine and amend, if possible, the existing building and comprehensive zoning codes in favor of lowering the construction costs of new housing units without sacrificing the health and safety of the people in the respective counties.

A problem of constructing new housing units appears to be the restrictive requirements encountered by the various county building codes. An example of this would be the setback and density requirements under the comprehensive

zoning code. If the setback requirement was lowered, then more housing units could be added. This could lower the cost of the new housing units since the availability of land is at a premium. This could lower the costs of housing units.

Your Committee on Housing believes that the low and moderate income families have been increasingly removed from the housing market due to the restrictive county building and comprehensive zoning codes which raise the costs of construction of new housing units. A re-examination and amendment of these codes would benefit the general public, especially for those in the low and moderate income levels.

Your Committee on Housing has amended **H. R. 43** by adding the words "AND COMPREHENSIVE ZONING CODES" of the title on page 1; "the representatives of the various building trades and related fields" on page 1, line 20; "and comprehensive zoning," on page 1, lines 21 and 22; added "or degradation to the environment," on page 1, line 24; deleted "and" on page 1, line 26; added "and the representatives of the building trades and related fields" on page 1, line 26; and an eighth paragraph added, "be it further resolved that the county governments, representatives of the building trades and related fields of the respective counties report their findings and recommendations to the Legislature before the adjournment of the Regular Session of 1974" on page 1.

Your Committee on Housing is in accord with the intent and purpose of **H. R. 43** as amended herein and recommends its adoption in the form attached hereto as **H. R. 43, H. D. 1**.

Signed by all members of the Committee except Representative King.

SCRep. No. 108-74 Legislative Management

Informing the House that **House Bill Nos. 2702-74 to 2718-74, House Resolution Nos. 265 to 272, House Concurrent Resolution Nos. 34 and 35, and Standing Committee Report No. 109-74**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 109-74 Water, Land Use and Development on H. B. No. 2440-74

The purpose of this bill is to amend section 188-45, Hawaii Revised Statutes with specific reference to the taking of live bait fish by licensed commercial fishermen.

Your Committee upon consideration of this bill recommends that it be amended to provide that the department of land and natural resources may issue licenses to commercial fishermen to take nehu, iao, marquesan sardine, or any other species for which an open season may be declared for bait purposes only with the further provision that nehu may be taken for bait purposes by licensed

commercial fishermen only, if his principal means of livelihood is derived from tuna fishing and that the nehu is not sold to others.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of **H. B. No. 2440-74** as amended herein, and recommends that it pass Second Reading in the form attached as **H. B. No. 2440-74, H. D. 1** and that it be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 110-74 Legislative Management

Informing the House that **House Bill Nos. 2719-74 to 2757-74, House Resolution Nos. 273 to 279, and Standing Committee Report Nos. 111-74 to 125-74**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 111-74 Water, Land Use and Development on H. B. No. 2264-74

The purpose of this bill is to amend present law relating to the Hawaii Bicentennial Marine Exposition Commission by providing the commission with the power to contract for services as may be necessary, provided funds are available for such purposes.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of **H. B. No. 2264-74** and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 112-74 (Majority) Labor and Public Employment on H. B. No. 2517-74

The purpose of this bill is to amend the Wage and Hour Law to expand its coverage of agricultural workers.

The term "employee" as it is used in Chapter 387, the Wage and Hour Law, presently excludes any individual employed in agriculture for any workweek in which his employer employs fewer than twenty employees. This exclusion deprives an agricultural worker who works for an employer with fewer than twenty employees of any protection under the law. The excluded employee can be paid below the minimum wage level and his employer can compel him to work beyond a forty-hour workweek without the payment of an overtime premium.

This bill proposes to expand the law's coverage by excluding from the law's coverage only those agricultural workers who are employed by employers with fewer than ten employees.

Your Committee agrees the protection of the Wage and Hour Law should be extended to as

many workers as possible. It is of the opinion, however, that employees of small farmers should still be excluded from coverage. This bill will expand the law's coverage but will not work an undue hardship on smaller farmers who have only a few employees.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of **H. B. No. 2517-74** and recommends that it pass Second Reading and be referred to the Committee on Agriculture.

Signed by all members of the Committee.

Representative Fong did not concur.

SCRep. No. 113-74 (Majority) Labor and Public Employment on H. B. No. 2518-74

The purpose of this bill is to amend Chapter 383, the Unemployment Compensation Law, to expand its coverage of agricultural workers.

The term "employment" as defined in the Unemployment Compensation Law does not include employment in agriculture unless it is performed for an employer who had at least twenty employees in any calendar week in the current and preceding calendar years and who had agricultural labor performed by its employees in at least twenty weeks in the current and preceding calendar years. The definition limits the law's coverage of agricultural workers to those who work for the larger employers.

This bill proposes to cover agricultural employment performed for employers with ten or more employees and who had agricultural work performed in twenty or more weeks during the current and preceding calendar years. Agricultural employees who work for the foregoing employers would thus be covered by the law and entitled to compensation benefits when unemployed.

Your Committee agrees the coverage of the Unemployment Compensation Law should be expanded so more agricultural workers would be entitled to the benefits provided by the law if they become involuntarily unemployed. It also believes that employees of small farmers with only a few employees should still be excluded from coverage and that this bill should not work an undue hardship on small farmers.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of **H. B. No. 2518-74** and recommends that it pass Second Reading and be referred to the Committee on Agriculture.

Signed by all members of the Committee.

Representative Fong did not concur.

SCRep. No. 114-74 Labor and Public Employment on H. B. No. 2341-74

The purpose of this bill is to amend existing law relating to choice of retirement options by eliminating the provision that any election of a mode of retirement allowance is irrevocable, and by permitting a retirant to change his mode of retirement allowance only upon a change of marital status through marriage, remarriage, death of spouse, annulment, divorce or separation. The retirant may seek a change during any succeeding five year period following retirement, provided a change in marital status has occurred during that period.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of **H. B. No. 2341-74** and recommends its passage on Second Reading and that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 115-74 Finance on H. B. No. 2083-74

The purpose of this bill is to require the proper administration of consultant contracts for the performance of any study for a state agency. Prior to making an offer to contract for a study, written specifications for the study are to be submitted to the department of accounting and general services for approval. The state agency may then enter into a contract following approval by the department of accounting and general services. Presently consultant contracts are approved pursuant to administrative directive No. 1971-2. After completion of the study, the state agency must evaluate the proposals and recommendations and implement any or all of the recommendations. The evaluation and implementation of recommendations are to be performed within six months after completion of the study.

Your Committee generally agrees with the intent of this bill and amends this bill as follows:

(1) Adds to the title the words "AND MANAGEMENT STUDIES".

(2) Amends section 1 to make minor changes clarifying language as to "proposals" and "recommendations".

(3) Amends section 2 to provide for approval of specifications by the head of a state executive agency instead of the department of accounting and general services, to clarify minimum requirements for proposals, to provide for rejection of proposals, to clarify evaluation requirements, to clarify language to distinguish between "proposal" and "recommendation", and to add a definition of "management study".

(4) Amends section 4 to delete the words "and shall apply to all contracts requiring studies by private consultants not signed prior to the effective date".

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 2083-74**, as

amended herein, and recommends that it pass second reading in the form attached hereto as **H. B. No. 2083-74, H. D. 1**, and be recommitted to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 116-74 Water, Land Use and Development on H. B. No. 1868

The purpose of this bill is to provide funds for a feasibility study of the Royal Brewery in Honolulu as an Heritage House of History Center as a major element of the 1976 Bicentennial celebration of the American Revolution.

The funds would be used for an appraisal and search of title of the Royal Brewery property and an architectural program and operating plan.

Your Committee heard testimony indicating that about \$50,000 would be needed for this project. Accordingly, your Committee has amended this bill to insert the sum of \$50,000 in the blank space for the appropriation.

Your Committee also has amended the title and body of the bill to remove the misplaced comma between the words architectural and program.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of **H. B. No. 1868, H. D. 1**, and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 117-74 Water, Land Use and Development on H. B. No. 465

The purpose of this bill is to appropriate \$17,220 out of the general revenues of the State of Hawaii to be expended by the Department of Land and Natural Resources for the aerial spotting of skipjack tuna schools in Hawaiian waters, covering two seasons, to help determine the feasibility of establishing a purse seine fishery in the Islands.

Your Committee finds that the continued well-being of the local aku fishery depends on the supply of bait, improvements in operating efficiency of the fishing fleet, and investigations of new and improved fishing methods, primarily purse seining.

The proposed aerial spotting program will help evaluate the number, size, distribution and behavioral characteristics of aku schools and will provide information on the utility of using aircraft for spotting such schools in Island waters. The aerial spotting method will enable rapid, statewide coverage. Further, the existing line and pole fishery will be able to derive immediate benefits by being directed to aku schools which can be seen from the air but which may not be detected by vessels on the ocean surface. Should aerial spotting prove to be effective it may markedly reduce

the time spent by boats in scouting for schools, thus increasing their efficiency and resulting in greater productivity.

Your Committee was told a 70-day purse seine fishing trial in summer, 1970, did show that aku can be caught with a purse seine if used in conjunction with live-bait chumming to hold the aku schools at the surface long enough for the seine to be set and pursed.

An aerial spotting program was proposed for the 1971-73 biennium and funds were appropriated through Act 210 by the 1971 Legislature. The money, however, was not allotted to the Department of Land and Natural Resources and thus the program was not implemented.

Mr. Sunao Kido, chairman of the Board of Land and Natural Resources, told your Committee that despite the State's financial straits the aerial spotting program is worthy of consideration because of the potentially vast benefits which could accrue to Hawaii should a purse seine fishery be established here.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of **H. B. No. 465** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 118-74 Water, Land Use and Development on **H. B. No. 299**

The purpose of this bill is to create a revolving fund and to provide monies for lessees of Hawaiian Home Lands in Nanakuli for the demolishing and replacement of substandard homes.

In testimony presented in a public hearing to your Committee, the Director of the Hawaiian Home Lands reported that there were 155 homesteaders living in substandard housing in Nanakuli and sorely in need of replacement homes. In further testimony presented by the Nanakuli Hawaiian Homesteaders Association, Inc., it was stated that these special funds would be of significant importance to upgrade the quality of homes as requirements in the Homes Act and Departmental Regulations preclude the securing of loans from private institutions. Such a fund was created in 1972 for the Papakolea-Kewalo homestead project area and in 1963, 1964 and 1965 for the Anahola-Kekaha Loan Fund for the island of Kauai.

Your Committee feels that the appropriate funding of this bill is justified for the purpose it will serve in providing a decent level of housing for Hawaiian homesteaders.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of **H. B. No. 299** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 119-74 Water, Land Use and Development to **H. B. No. 2197-74**

The purpose of this bill is to amend present law to establish in law the definition and ownership of geothermal resources and to provide for the orderly management and disposition of these resources.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of **H. B. No. 2197-74** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 120-74 Water, Land Use and Development on **H. B. No. 2266-74**

The purpose of this bill is to create a State Board on Geographic Names to assure uniformity in the use and spelling of the names of geographic features within the State.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of **H. B. No. 2266-74** 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. 121-74 Transportation on **H. B. No. 2223-74**

The purpose of this bill is to create a program for knowledge testing on highway rules of the road when driver's licenses are renewed as required by the Federal Highway Safety Program Standard on Driver Licensing.

Your Committee on Transportation is in accord with the intent and purpose of **H. B. No. 2223-74** 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. 122-74 Labor and Public Employment on **H. B. No. 745**

The purpose of this bill is to increase the post-retirement allowance for all pensioners under the State retirement system to a rate of 3½% per year. This would give the pensioners some degree of adjustment in their retirement income against the rising cost of living due to inflation.

Section 88-45, Hawaii Revised Statutes, provides for contribution of 1.8% of compensation on the part of the employees to the post retirement fund, while section 88-115 provides that the State and county governments shall contribute 2.5% of annual salaries to the post-retirement fund. If the same ratio of contribu-

tions between employee and employer is maintained, the increased benefit under this bill would require contributions of 3.82% on the part of the employee and 5.20% on the part of the employer. Additional general fund requirements for biennium 1973-1975 under this bill are estimated to be \$15,364,600.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of **H. B. No. 745** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 123-74 Judiciary and Corrections on **H. R. No. 96**

The purpose of this resolution is to require the Director of the State Law Enforcement and Juvenile Delinquency Planning Agency to report 20 days prior to the convening of each session of the Legislature on the work, research, funding plans, and procedures for the prior and ensuing years of that agency.

Your Committee on Judiciary and Corrections concurs with the intent and purpose of **H. R. No. 96** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 124-74 Judiciary and Corrections on **S. B. No. 17**

The purpose of this bill is to up-grade the professional capabilities of the Board of Pardons and Paroles. The bill attempts to accomplish this objective by making the following major changes in existing law: (a) The chairman and members of the board are nominated and with the Senate's approval appointed by the Governor from a list of persons submitted by a panel consisting of the Chief Justice of the Supreme Court, the Director of the Department of Social Services and Housing, and other persons interested in the field of penal corrections. (b) The chairmanship of the board is made a full-time position with a salary consistent with full-time professional responsibilities. (c) The remaining board positions have been reduced to two (instead of four as under present law) and remain on a part-time basis; however, compensation is provided on a hourly basis equal to the chairman's rate of compensation. (d) The duties and responsibilities of the board are specifically spelled out.

Your Committee, after much deliberation, has amended the bill in several respects. The bill originally changed the name of the board to the "Hawaii Parole Authority," but in light of the fact that the general section dealing with the appointment of board and commissions, **H. R. S. Sec. 26-34**, makes no provision for "authorities," no useful purpose is served by the introduction of this new label, especially when no substantive change results or seems intended. Accordingly

the present title of the board has been retained and the sections of the bill dealing with a transfer of functions from the existing board to the new "authority" have been eliminated. The bill has been amended to require the panel to submit to the Governor at least three names for each vacancy, thus permitting the Governor to exercise some discretion in nominating and appointing board members. The provision setting compensation for the chairman has been amended to make the chairman's salary ninety percent of a district court judge's salary. The other board members receive the same on a "per hour" basis. Your Committee believes that this rate of compensation is consistent with that of other comparable professional boards. Finally, certain minor language changes have been made to achieve clarity.

We have also deliberately amended the bill to leave blank the amount of the appropriation needed to fund the board. It is our intent that your Committee on Finance compute and insert the correct amount in light of current budget demands.

Your Committee on Judiciary and Corrections is in accord with the intent and purpose of **S. B. No. 17, S. D. 2**, as amended in the form attached hereto as **S. B. No. 17, S. D. 2, H. D. 1**, and recommends its passage on Second Reading and its referral to your Committee on Finance for further consideration.

Signed by all members of the Committee.

SCRep. No. 125-74 Water, Land Use and Development on **H. B. No. 2263-74**

The purpose of this bill is to amend the present law relating to the Marine Affairs Coordinator to include an additional finding by the Legislature that new opportunities and needs for the development and utilization of marine resources have arisen and further effort and support from the State are necessary to meet these opportunities and needs.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of **H. B. No. 2263-74** and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 126-74 Legislative Management

Informing the House that **House Bill Nos. 2758-74 to 2798-74, House Resolution Nos. 280 to 284, House Concurrent Resolution No. 36** and **Standing Committee Report Nos. 127-74 to 134-74**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 127-74 Environmental Protection on **H. B. No. 2067-74**

The purpose of this bill is to establish a system of environmental review at State and county levels, which will insure that environmental policies of the legislature are given appropriate consideration in decision-making along with economic and technological considerations.

In order for this to be accomplished the Act requires environmental impact statements to be filed on all major actions which would have significant adverse effects on the environment.

All public actions are presently governed by an Executive Order for the State requiring environmental impact statements. This bill would include the private sector.

The contents of the environmental impact statements would be determined in rules and regulations to be adopted by the Office of Environmental Quality Control. Monies must be appropriated to hire additional staff for the purposes of this bill.

Your Committee on Environmental Protection is in accord with the intent and purpose of **H. B. No. 2067-74** and recommends that it pass Second Reading and be referred jointly to the Committees on Judiciary and Corrections and Finance.

Signed by all members of the Committee.

SCRep. No. 128-74 Environmental Protection on H. B. No. 2234-74

The purpose of this bill is to propose an amendment to Article I, of the Constitution of the State of Hawaii, by adding a new section on environmental quality.

The people of this State are showing increasing concern with the quality of the environment. The Temporary Commission on Environmental Planning established by the Legislature in 1973 held numerous public and private meetings throughout the State, and reported that it found, "a truly amazing amount of agreement on the general goals to be sought."

Your Committee feels that the Constitution of the State should reflect some of the concern of the people of Hawaii. This proposed amendment gives full recognition to the fundamental nature of environmental needs and thus the right to environmental quality.

The intent in reference to "evidence of their cultural heritage" is to include historical traditional aspects of our man-made environment.

The overall intent of the bill is to consider environmental rights as limited in their individual applicability in the same way as other basic rights.

Your Committee on Environmental Protection is in accord with the intent and purpose of **H. B. No. 2234-74**, as amended herein, and recommends that it pass Second Reading in the form attached

hereto as **H. B. 2234-74, H. D. 1**, and be referred to the Committee on Judiciary and Corrections.

Signed by all members of the Committee.

SCRep. No. 129-74 Judiciary and Corrections on H. B. No. 2485-74

The purpose of this bill is to encourage the rehabilitation of convicted persons by eliminating disqualification from employment or licensure by the State or its political subdivisions solely by reason of a prior conviction of a crime. Under the bill, employment or occupational licensure may still be refused or terminated, however, if the applicant or employee is convicted of a crime when the offense directly relates to the occupation in which the convicted person seeks or holds employment or for which he seeks or holds a license. The bill adds a new section to the Hawaii Revised Statutes to provide for the above, and repeals all contrary provisions.

Your Committee heard or received testimony from numerous witnesses respecting this bill, including the director of Department of Social Services and Housing; the State chairman of the Hawaii Council on Crime and Delinquency; and spokesmen for the Honolulu Police Department, the John Howard Association, and the Hawaii Correctional Association. Each supported the bill.

Your Committee finds that the present restrictions on employment and occupational licensure are unwarranted, unwise, and unproductive. The numerous and varied restrictions placed on the occupational rehabilitation of convicted persons serve neither society's nor the convicted person's interests. To the extent that a rational connection can be shown between the applicant or employee's past conviction and his present performance or reliability, the bill would permit disqualification because of past criminal conviction; otherwise, it would not.

Your Committee has amended the bill to provide that conviction of any penal offense for which a jail sentence may be imposed may be considered if the offense directly relates to the occupation in which the convicted person seeks or holds employment or for which he seeks or holds a license. The bill as originally drafted limited state agencies to a consideration of only felonies and those misdemeanors involving "moral turpitude". In light of the ambiguity inherent in this phrase and the judicial cases interpreting it, and in the light of the requirement that the offense must relate to possible performance in the occupation involved, your Committee has deleted this restriction. We have also made other minor amendments to achieve greater clarity.

Your Committee on Judiciary and Corrections is in accord with the intent and purpose of **H. B. No. 2485-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2485-74, H. D. 1**, and be placed

on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 130-74 Finance on H. B. No. 2622-74

The purpose of this bill is to reinsert the "old" subparagraph (4) to subsection 231-32 (a) of the Hawaii Revised Statutes.

In 1972, Section 5 of Act 200 (H. B. 1893-74) amended subsection 231-23 (a), relating to adjustments and refunds of real property taxes due to duplicate assessments and clerical errors. The purpose of the amendment, which involved subparagraph (3) of subsection 231-23 (a), was simply to include limited distribution mortgagors under the provisions of this section of the law.

During the course of this amendment, it appears that somehow subparagraph (4) was inadvertently omitted from the statutes. Under the provisions of subparagraph (4), adjustments of refunds for duplicate assessments or clerical errors could be made by the assessor if an application for adjustment is filed within two years after the tax year in which the amount to be credited or refunded was due and payable. With the omission of subparagraph (4), there is no restriction on the time period for which the assessor can make such adjustments. This could result in a tremendous amount of adjustments and paper work.

Your Committee on Finance is in accord with the intent and purpose of H. B. No. 2622-74 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 Amaral.

SCRep. No. 131-74 Environmental Protection on H. R. No. 62

The purpose of this Resolution is to provide for the State Department of Planning and Economic Development to determine the population carrying capacity of the State.

The growth of population in the last third of this century will be one of the most serious challenges to human destiny. Statistics show us that Oahu's population of 257,696 in 1940 grew to 630,528 in 1970 and is predicted to range between 990,000 and 2,010,000 by the year 2000.

We are approaching and in some cases have exceeded the limits of the environment's ability to support human activities at present levels of technology. We have in these cases exceeded the carrying capacity of the environment. The result is a diminished quality of life and environment.

Your Committee feels that Hawaii must proceed quickly to measure the ability of our natural environment to cope with the impact of population. We must determine which systems are most susceptible to overload, and at what level of human activity the overload occurs.

Your Committee has amended H. R. No. 62 to further clarify the meaning of the concept of "overload."

Your Committee has changed the State Commission on Population and the Hawaii Future to the State Department of Planning and Economic Development, because your Committee feels that this will yield better results.

Your Committee on Environmental Protection concurs with the intent and purpose of H. R. No. 62, as amended herein, and recommends its adoption in the form attached hereto as H. R. No. 62, H. D. 1.

Signed by all members of the Committee.

SCRep. No. 132-74 Judiciary and Corrections on H. R. No. 98

The purpose of the resolution was to have your Committee consider the provision of a program of conjugal visitation and conjugal release for convicted citizens in the state correctional system, and for all citizens held in custody in county jails. In this respect, your Committee recognizes conjugal consortium to be the right of every adult human being, and is cognizant that any form of imprisonment which denies that right to a prisoner simultaneously denies, in most cases, that right to a second citizen who has not been convicted of any offense.

Your Committee found that, as pointed out in testimony by the Hawaii Correctional Association, H. R. S. 353-22 (d) authorizes the Director of the Department of Social Services & Housing to grant convicted citizens in his custody furloughs for "social reorientation," and recommends that the Director begin such a program where such release is consistent with public safety. The testimony of the Corrections Division Administrator agreed that conjugal visiting "is a vital part of the redirection or habilitation of the offender."

The testimony of others, including the Hawaii Council of Churches and the John Howard Association, brought to your Committee's attention the fact that the Correctional Master Plan and the recently approved Hawaii Pre Design Plan thereof, do not mention any intention to permit conjugal visiting in the proposed new facilities. Your Committee is in accord with the testimony which requested that the State Law Enforcement and Juvenile Delinquency Planning Agency amend the Hawaii Pre Design Plan to the extent necessary to include provisions for conjugal visiting for individuals subjected to lengthy pre-conviction incarceration and for convicted citizens who are precluded from participating in family visiting furloughs. Your Committee feels, however, that mere conjugal provisions address only a portion of the problem, and that the concept should be one of family visitation designed to not only deal with conjugal consortium but also to preserve and strengthen the bonds among

children, parents and other family members.

Your Committee found that not only is conjugal and family visiting conducive to the psychological and emotional health of the individuals involved, but also that other correctional jurisdictions believe such a program is a useful custodial tool in that it induces good institutional behavior. The California Department of Corrections, which has had a family visiting program since 1968, communicated to your Committee that their program "has improved inmate morale, including that of those inmates who are not eligible to participate. It has kept families together. There have been few problems. We have recommended to others that they give establishment of such programs serious consideration."

Your Committee on Judiciary and Corrections is therefore in accord with the intent and purpose of **H. R. No. 98** as amended herein, and recommends its adoption in the form attached hereto as **H. R. No. 98, H. D. 1.**

Signed by all members of the Committee.

SCRep. No. 133-74 Environmental Protection on H. R. No. 63

The purpose of this Resolution is to request the Office of Environmental Quality Control in cooperation with the Department of Taxation to propose tax incentives to encourage pollution abatement and to report its findings to the Legislature prior to January 1, 1975.

A public hearing was held on this Resolution February 22, 1974.

Hawaii's natural environment is limited in scale and quantity, and Hawaii's man-made environment frequently consumes natural resources to the extent that the natural environment is greatly modified.

Pollution control and abatement programs are essential to protect Hawaii's environment, but these are expensive, and, therefore, economy becomes an integral part of any environmental control policies.

Your Committee believes that tax incentives are one method by which pollution controls may be adopted without heavy economic burdens. The actual effects of tax incentives on businesses, governmental revenues, and pollution abatement must be closely examined.

Your Committee on Environmental Protection has amended **H. R. No. 63** to request the cooperation of the Department of Taxation and to request the Office of Environmental Quality Control in cooperation with the Department of Taxation to propose tax incentives to encourage pollution abatement.

Your Committee has changed the date of the report to the Legislature from "before the closing

of the 1974 Legislative Session" to "prior to January 1, 1975."

Your Committee on Environmental Protection concurs with the intent and purpose of **H. R. No. 63**, as amended herein, and recommends its adoption in the form attached hereto as **H. R. No. 63, H. D. 1.**

Signed by all members of the Committee.

SCRep. No. 134-74 Environmental Protection on H. B. No. 2547-74

Hawaii at the present time has no environmental policy for the State. The State should have an environmental policy, because it will provide a framework within which decisions can be made. The purpose of this bill is to establish a State environmental policy. This policy will guide future public and private actions that may have an impact on the environment.

Your Committee feels that an environmental policy is especially important in Hawaii, because these islands are unique, limited, precious and fragile. It is necessary to provide a high quality environment that at all times is healthful and pleasing to the senses and intellect of man. The maintenance of a quality environment for the people of this State now and in the future is a matter of statewide concern.

This bill calls on State and county agencies, boards, and commissions to develop standards and procedures necessary to protect the environmental quality of the State. Every State and county agency, board, and commission shall review its present statutory authority, rules, regulations, policies, and procedures to determine any inconsistencies or deficiencies in such provisions which would hinder compliance with the provisions of this Act, and shall propose to the Governor and the Legislature no later than January 1975, any measures necessary to comply with the intent and policies of this Act.

The Environmental Council shall monitor the progress of these agencies, and shall receive reports from them annually. The Environmental Council shall prepare an annual report to the Governor, the Legislature, and the general public on the status of environmental conditions and recommend additional action necessary to protect and enhance the environment.

Your Committee on Environmental Protection is in accord with the intent and purpose of **H. B. No. 2547-74** 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 Yap.

SCRep. No. 135-74 Legislative Management

Informing the House that **House Bill Nos.**

2799-74 to 3097-74, House Resolution Nos. 285 to 289, and House Concurrent Resolution Nos. 37 to 40, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 136-74 Legislative Management

Informing the House that House Resolution Nos. 290 to 304, House Concurrent Resolution Nos. 41 to 44, and Standing Committee Report Nos. 137-74 to 141-74, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 137-74 (Majority) Labor and Public Employment on H. B. No. 443

The purpose of this bill is to lower the mandatory retirement age of public employees from seventy to sixty-five years.

Your Committee has amended this bill to more effectively carry out its purpose. Provision to waive the mandatory retirement under specific conditions are included. The effective date of this bill would be July 1, 1977.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H. B. No. 443, H. D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H. B. No. 443, H. D. 2.

Signed by all members of the Committee except Representative Fong who did not concur.

SCRep. No. 138-74 Water, Land Use and Development on H. B. No. 2256-74

The purpose of this bill is to authorize the department to create a fund to support, if necessary, its guarantee of repayment of loans made by governmental agencies or by private lending institutions to those holding leases or licenses issued under Section 207 of this Act. The loan guarantees shall be subject to the restrictions imposed by Section 208, 214 and 215 of this Act.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of H. B. No. 2256-74 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 139-74 Water, Land Use and Development on H. B. No. 1470

The purpose of this bill is to establish a hunter-safety training program under the administration of the Department of Land and Natural Resources to provide training instruction in hunter safety, principles of conservation and sportsmanship.

Your Committee heard testimony indicating that Hawaii is one of only three states which do not now have a hunter-safety training program. The merits of this kind of program are known and in some states persons wishing to buy a hunting rifle are required to show a certificate indicating completion of a hunter-safety course before the purchase is permitted.

The hunter-safety program would be funded with a combination of federal and state funds.

Your Committee has amended the bill to insert the sum of \$38,525 in the blank space for the appropriation. The bill was amended also to allow the Department of Land and Natural Resources to contract the program to a qualified, private organization if desirable and feasible. There are groups, such as the Hawaii Rifle Association which have materials and competence to conduct such programs.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of H. B. No. 1470, H. D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H. B. No. 1470, H. D. 2.

Signed by all members of the Committee.

SCRep. No. 140-74 Water, Land Use and Development on H. B. No. 2254-74

The purpose of this bill is to authorize the department to create a fund of \$200,000 out of moneys heretofore appropriated to it by the legislature to be known as the Papakolea home-replacement loan fund. The moneys in this fund shall be used to make loans to lessees who are residents of Papakolea on the island of Oahu to construct replacement homes upon the leased lots. Such loans shall be made at the interest rate of two and one-half percent (2½%) a year and shall not exceed the loan amount specified for a residence lot under Section 215 of this Act.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of H. B. No. 2254-74 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 141-74 Water, Land Use and Development on H. B. No. 2255-74

The purpose of this bill is to authorize the department to create a fund of \$121,500 out of moneys heretofore appropriated to it by the legislature to be known as the Anahola-Kekaha fund. The moneys in this fund shall be used to make loans to lessees who are to be residents of Anahola and Kekaha on the island of Kauai to construct homes upon homestead lots. Such loans shall be for a period not to exceed 20 years, shall bear interest at two and one-half percent (2½%) a

year and shall not exceed the loan amount specified for a residence lot in Section 215 of this Act.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of H. B. No. 2255-74 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 142-74 Legislative Management

Informing the House that **House Resolution Nos. 305 to 313, House Concurrent Resolution Nos. 45 to 48, and Standing Committee Report Nos. 143-74 to 162-74**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 143-74 Legislative Management

PRINTSHOP PRINTED MATTERS

TO WEEK ENDING MARCH 2, 1974

PRINTED ITEMS

	NO. OF PRINTED ITEMS		NUMBER OF PAGES	
	CURRENT	TO DATE	CURRENT	TO DATE
House Bills	120	733	488	3874
House Resolutions	39	279	60	583
House Concurrent Resolutions	6	35	13	103
Standing Committee Reports	34	72	122	233
Special Committee Reports	—0—	4	—0—	49
Floor Amendments	—0—	1	—0—	3

OTHERS:

Appendix		—0—	7
Certifications		—0—	39
House Rules		—0—	47
Reprints on House Measures		957	1082
Status of Bills		373	1680
Summaries		—0—	8
Miscellaneous		4	247

TOTALS

199	1124	2017	7955
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PRINTSHOP MATERIALS COST REPORT

TO WEEK ENDING MARCH 2, 1974

ITEMS

	SUPPLIES USED		ITEM COST	AMOUNT	
	CURR.WK	TO DATE		CURR.WK.	TO DATE
Paper, Bond 8½ × 11-16#	(Reams)	(Reams)			
White	672	5099	\$ 1.54	\$1,034.88	\$7,852.46
Blue	15	78	1.58	23.70	123.24
Buff	5	32	1.58	7.90	50.56
Canary	103	305	1.58	162.74	481.90
Green	106	402	1.58	167.48	635.16
Pink	10	105	1.58	15.80	165.90
	911	6021			
Masters (100 in pkg.)	2,900	15,000	5.25	152.25	787.50
Toner (¼#)	—0—	15	5.75	—0—	86.25
Blankets, Multilith 10 × 15	—0—	1	6.05	—0—	6.05
10 × 18	—0—	4	10.73	—0—	42.92
Cover, Mollenton (2 in pkg.)	—0—	7	7.35	—0—	51.45
Ink	—0—	10½	1.55	—0—	16.28
Mix, Developer	—0—	4	11.80	—0—	47.20
Pads, Cotton	8	50	1.81	14.48	90.50
Sheets, Blanket Cleaner (50 in pkg)	2	14	2.66	5.32	37.24
Solutions:					
Electrostatic (gal)	8	32	10.70	85.60	342.40
Blankrola (5 gal)	1½	8	17.60	26.40	140.80
Deglazer (1 pt. can)	1	11	3.00	3.00	33.00
Water, Distilled (5 gal)	2	12	2.00	4.00	24.00
TOTALS				\$1,703.55	\$11,014.81

Signed by all members of the Committee.

SCRep. No. 144-74 Legislative Management

Your Committee on Legislative Management begs leave to submit the Monthly Expenditure Report for period beginning January 16, 1974 through March 4, 1974:

APPROPRIATION

ACT 1, SLH 1974	\$ 995,000.00
ACT 1, SLH 1974 Sec 6 (d)	154,034.77
TOTAL	\$1,149,034.77

EXPENDITURES

	*MONTHLY			TO DATE
	ANNUAL	BUDGETED	ACTUAL	TOTAL
Pay of Employees — Session	\$ 592,959.68	\$305,420.48	\$298,934.18	\$298,934.18
Pay of Regular Employees	250,265.09	31,682.84	29,089.14	29,089.14
Annual Allowance	38,250.00	38,250.00	38,250.00	38,250.00
Per Diem: Intra-State (Session)	22,360.00	11,440.00	12,250.00	12,250.00
Intra-State	23,000.00	—0.0—	—0.0—	—0.0—
Out-of-State	10,000.00	—0.0—	—0.0—	—0.0—
Travel: Intra-State (Session)	2,500.00	—0.0—	369.17	369.17
Intra-State	14,250.00	—0.0—	—0.0—	—0.0—
Out-of-State	18,000.00	—0.0—	—0.0—	—0.0—
Stationery, Office Supplies	41,000.00	4,000.00	3,312.61	3,312.61
Communications	31,200.00	4,000.00	32.97	32.97
Delivery and Hauling	550.00	—0.0—	643.41	643.41
Rentals — Equipment	42,600.00	900.00	4,401.12	4,401.12
Repairs — Equipment	17,300.00	500.00	557.54	557.54
Office Equipment & Furniture	1,550.00	—0.0—	—0.0—	—0.0—
Miscellaneous	4,150.00	100.00	1,855.64	1,855.64
Printing of Journal	36,000.00	—0.0—	—0.0—	—0.0—
Contingency Fund	3,100.00	150.00	79.35	79.35
TOTALS	\$1,149,034.77	\$396,443.32	\$389,775.13	\$389,775.13
BALANCE — March 4, 1974				\$ 759,259.64

*Monthly — For Period of January 16, 1974 through March 4, 1974.

RESERVES: Printing of Journal	\$ 36,000.00
Payroll Withholding	2,370.00
Contingency Fund	14,920.65
	<u>\$ 53,290.65</u>

Signed by all members of the Committee.

SCRep. No. 145-74 Housing on H. B. No. 1922

The purpose of this Act is to provide rent supplements for any single person who is being displaced by governmental action.

Your Committee feels that a single person who is displaced by governmental action should also be able to receive State rent supplements.

Your Committee on Housing is in accord with the intent and purpose of H. B. No. 1922 and recommends its referral to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 146-74 Housing on H. B. No. 1931

The purpose of this bill is to amend Chapter 359, Hawaii Revised Statutes, to add a new section which would specify more stringent qualifications for prospective tenants of elderly housing.

Your Committee has amended H. B. 1931 by deleting Sec. 359- (1) as contained herein. Based on testimony received by the Hawaii Housing Authority the deleted section probably would not be legally binding on prospective tenants of federally subsidized housing projects for the elderly. This is due to the fact that the U.S. Department of Housing and Urban Development specifies the rules and regulations, including qualifications for units, govern those elderly projects.

For the purposes of consistency your Committee also recommends that this bill be further amended as follows:

- (a) Sec. 359- (2) be changed to Sec. 359- (1).

Your Committee on Housing is in accord with the intent and purpose of H. B. 1931 as amended herein, and recommends its referral to the Committee on Judiciary and Corrections in the form

attached hereto as **H. B. 1931, H. D. 1.**

Signed by all members of the Committee.

SCRep. No. 147-74 Federal-State-County on H. B. No. 2450-74

The purpose of this bill is to expand the area-wide program of aging services in the City and County of Honolulu including congregate dining, outreach, information and referral, protective services, homemaker services, leisure time activities, transportation, and such other services as may be deemed necessary.

Your Committee feels that the program should be continued but because of the tight financial situation of the State, the program should not be expanded.

Your Committee has amended this bill by substituting the figure "\$65,000.00" for the figure "\$1,301,806.00" in the last line of the third paragraph, thus continuing the program but not expanding it.

Your Committee heard testimony and found that without the \$65,000.00, the areawide program for Waialua will not be continued.

Your Committee on Federal, State and County Relations is in accord with the intent and purpose of **H. B. No. 2450-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2450-74, H. D. 1**, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 148-74 Federal-State-County on H. B. No. 2434-74

The purpose of this bill is to establish the caterers' permit which would authorize the sale of liquor at events held in places other than the premises for which the dispenser's license was granted.

Your Committee on Federal, State and County Relations is in accord with the intent and purpose of **H. B. No. 2434-74** and recommends that it pass Second Reading and be referred to your Committee on Consumer Protection.

Signed by all members of the Committee.

SCRep. No. 149-74 Federal-State-County on H. B. No. 2613-74

The purpose of this bill is to allow the sale of beer in any place within the licensed premises, subject, however, to such guidelines as may be established by rules and regulations of the commission. Presently wine is administered through this policy and because there are no problems, your Committee is in accord with this bill.

Your Committee on Federal, State and County

Relations is in accord with the intent and purpose of **H. B. No. 2613-74** and recommends that it pass Second Reading and be referred to your Committee on Consumer Protection.

Signed by all members of the Committee.

SCRep. No. 150-74 Federal-State-County on H. B. No. 2313-74

The purpose of this bill is to repeal that portion of the Liquor Law which provides that liquor shall not be sold or delivered on election days.

Your Committee on Federal, State and County Relations is in accord with the intent and purpose of **H. B. No. 2313-74** and recommends that it pass Second Reading and be referred to your Committee on Consumer Protection.

Signed by all members of the Committee.

SCRep. No. 151-74 Consumer Protection on H. R. No. 79

The purpose of this Resolution is to review the sales practices of new and used car dealers so appropriate legislation designed to protect the consumers may be enacted in 1975. The Legislative Reference Bureau is directed to conduct the study, and your Committee on Consumer Protection agrees with the Hawaii Automobile Dealers' Association that the adoption of this Resolution would be beneficial.

Your Committee on Consumer Protection concurs with the intent and purpose of **H. R. No. 79** and recommends that it be referred to your Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 152-74 Finance on H. B. No. 2431-74

The purpose of this bill is to clarify Chapter 96, Hawaii Revised Statutes, with regard to the jurisdiction of the ombudsman, his term of office, the salary of the first assistant, delegation of duties, funding of the office, and his duty to investigate complaints. The details of these amendments follow:

1. Section 96-1 is amended by clarifying the present exclusion relating to the courts by using the words "The judiciary and its staff" in place of the words "A court"; and by further excluding from the jurisdiction of the ombudsman, the lieutenant governor and his personal staff, the mayors and their personal staffs, and the councils, their committees and their staffs. By using the words judiciary and its staff, it makes explicit the fact that the ombudsman does not have jurisdiction over the various offices within the judicial branch. The lieutenant governor and the mayors and the councils of the various counties are excluded from the jurisdiction of the ombudsman for the same reasons that the governor and the

legislature are excluded from the jurisdiction of the ombudsman. The reason for all such officers being excluded is to preclude the ombudsman from intruding in the political processes or to interfere with policy making at the highest levels. Those elected officials are directly responsible to the electorate.

2. Section 96-2 is amended to provide that the ombudsman may hold over till his successor is appointed. The amendment would allow an incumbent to legally hold over after his term had expired until the legislature makes an appointment. This provision would also conform the ombudsman statute with the provisions of law which presently allow the legislative auditor and the director of the legislative reference bureau to hold over until their successors are appointed.

3. Section 96-3 is amended to: (a) allow the first assistant to the ombudsman to be paid at the same percentage rate as that presently allowed to be paid to the first deputy to the legislative auditor and to the first assistant to the director of the legislative reference bureau; (b) allow the first assistant to temporarily assume the duties of the ombudsman when he is either temporarily absent from Oahu or temporarily unable to perform his duties; and (c) explicitly provide that funds for the office be included in the legislative expense bill, as is the present practice.

4. Section 96-6 is amended to eliminate a seeming incongruity in different sections of the present law by explicitly providing that the ombudsman has some discretion in determining which cases he will investigate. However, if he decides not to investigate, the provisions of section 96-7 still require the ombudsman to notify the complainant and to state his reasons.

Your Committee on Finance is in accord with the intent and purpose of H. B. No. 2431-74, H. 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. 153-74 Finance on H. B. No. 2621-74

The purpose of this bill is to provide for the assessment of a penalty on delinquent taxes when a taxpayer files a return on or before the prescribed date for payment but fails to pay the tax due within a reasonable period.

This bill proposes to add to section 231-39(b) (2) of the Hawaii Revised Statutes a proviso whereby "nonpayment" of the tax due on a return filed on time shall be subject to an amount up to 10 per cent of the nonpayment to be determined by the director of taxation.

Under section 231-39(b), a penalty is imposed for failure to file required returns on or before the filing due date. No penalty, however, is imposed for nonpayment of tax due on required returns filed on or before the filing due date.

This is to encourage taxpayers to file returns to provide the department with information even if such taxpayers do not have sufficient funds to pay the tax. The penalty for failure to file on time is 5 per cent of the amount of tax if the failure is for not more than one month, with an additional 5 per cent for each additional month or fraction thereof not exceeding 25 per cent in the aggregate. Interest at the rate of 2/3 per cent per month (8 per cent per annum) applicable beginning with the month following the due date to the date paid.

Your Committee found the use of the phrase "or nonpayment" as added to section 231-39(b) (2) ambiguous, particularly in distinguishing nonpayment from underpayment. Your Committee has therefor amended the bill as follows:

1. Deleted the phrase "or nonpayment" as it appears twice in section 231-39(b) (2) (A).

2. Added a new section 231-39(b) (3) to read:

(3) Failure to pay tax after filing returns. If a return is filed on or before the date prescribed therefor and no part of the amount shown as tax on the return is paid within 90 days of the prescribed filing date, there shall be added to the tax an amount up to ten per cent as determined by the director.

3. Renumbered the present provisions of section 231-39(b) (3) as 231-39(b) (4).

Your Committee on Finance is in accord with the intent and purpose of H. B. No. 2621-74, as amended herein, and recommends that it pass second reading in the form attached hereto as H. B. No. 2621-74, H. D. 1, and be placed on the calendar for third reading.

Signed by all members of the Committee.

SCRep. No. 154-74 Finance on H. B. No. 867

The purpose of this bill is to assign to the directors of personnel services of the State and the counties, with the approval of the respective chief executives, the authority to promulgate rules and regulations on leaves. Existing law authorizes rules and regulations on vacations and sick leaves but is silent on promulgation of rules on other leaves.

Your Committee on Finance is in accord with the intent and purpose of H. B. No. 867, H. D. 1, and recommends that it pass third reading.

Signed by all members of the Committee.

SCRep. No. 155-74 Consumer Protection on H. B. No. 2590-74

The purpose of this bill is to raise the aggregate

amount a life insurer may invest in preferred or guaranteed stocks from 10% to 15% of its assets.

Whereas life insurers are limited to 10% casualty companies are permitted to invest 15% of its assets in such investments. Your Committee finds there is no basis for the differential treatment between these insurers since many of the casualty insurers are also licensed to issue life policies.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 2590-74** 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. 156-74 Consumer Protection on H. B. No. 2073-74

The purpose of this bill is to require every motor vehicle used for rental or U-drive purposes to undergo a safety inspection check every six months instead of once a year.

Presently, the general law relating to safety check requires motor vehicles ten years or older, ambulances, commercial vehicles and buses to be inspected every six months, and in the City and County of Honolulu rental vehicles under the licensing ordinance are required to undergo a safety check every six months and after every accident. The proposed amendment will make the six month requirement uniform throughout the State.

Favoring the bill were representatives of the Honolulu Police Department, Hawaii Automobile Dealers' Association and CATRALA, an organization representing 90% of the rental business. While there was testimony proposing more stringent standards be imposed on rental vehicles, your Committee believes that until such standards are developed, the minimum requirement as established by the bill should be adopted immediately.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 2073-74** 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. 157-74 Consumer Protection on H. B. No. 2260-74

The purpose of this bill is (1) to permit a level amount of life insurance to be written under group policies issued to creditors insuring their debtors when the loans are repayable in one sum, and (2) to clarify the maximum amount of insurance permitted under group life policies insuring debtor groups.

Presently, section 431-573 pertaining to debtor

group policies permits writing the coverage where the loans are repayable on an installment basis. A single payment debtor can be insured only under an individual policy and therefore cannot enjoy the premium rate of a group policy. By deleting the installment payments provision from section 431-573(1) a single payment debtor will be able to participate in the group plan.

The bill amends section 431-573(4) by deleting reference to installment payments and substituting therefore the maximum prescribed in section 435-4(a). Section 431-573 relates to debtor groups and chapter 435 relates to credit insurance, and the proposed amendments will eliminate the present ambiguity between the sections.

Your Committee on Consumer Protection has been assured that the amendments will not significantly affect the loss ratios and present rate structures of insurers. Your Committee believes that the bill's proposal will enable educational and other loans to be insured under group rates.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 2260-74** 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. 158-74 Federal-State-County on H. B. No. 2456-74

The purpose of this bill is to provide for the actual expenses incurred such as allowance for employees' wages, equipment cost, transportation costs, feeding costs and cost of advertising notice against the owner of the animal when such animal is taken up for trespass.

Your Committee on Federal, State and County Relations is in accord with the intent and purpose of **H. B. No. 2456-74** 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. 159-74 Judiciary and Corrections on H. B. No. 639

The purpose of this bill is to create, by statute, a privilege for the communications between an outreach counselor of the Department of Education and the person he advises. The privilege created is substantially similar to that recognized by statute for doctors and patients and for clergymen and confessors, and by common law for attorneys and clients.

Your Committee finds that within the Department of Education there exists a program known as the "outreach program" whereby the Department, through qualified counselors, seeks to provide professional counseling to alienated students and former students who have dropped

out of the school system. The outreach program is a distinct and separate program within the Department of Education and its function is significantly different than the general counseling service furnished all students.

Outreach counselors presently number only 36 in the State and are specifically designated by the Department. Their job calls for close contact with alienated children and for complete confidence between the counselor and the person he advises. The relationship is substantially similar to that which must exist between a clergyman and his confessor, between a doctor and his patient, and between an attorney and his client. Whereas the normal school counselor attempts to advise all students with respect to school programs, the outreach counselor is assigned a very limited number of "hard-core" alienated youngsters and he attempts to counsel them not only with respect to available school programs but also non-school matters, such as employment and, as is sometimes the case, their relationship with law enforcement authorities. Therefore, the preservation of confidential communications seems essential.

Your Committee has amended **House Bill No. 639** to provide that the privilege created by the act will be codified as a separate section of the Hawaii Revised Statutes in order to conform to amendments made by the Legislature in 1972 to Chapter 621, H. R. S.

Your Committee on Judiciary and Corrections is in accord with the intent and purpose of **H. B. No. 639**, as amended herein, and recommends that it be placed on the calendar for Third Reading in the form attached hereto as **H. B. No. 639, H. D. 1**.

Signed by all members of the Committee.

SCRep. No. 160-74 Judiciary and Corrections on **H. B. No. 834**

The purpose of this bill as originally proposed was to provide for the destruction or retrieval of arrest records of persons arrested but not convicted of a crime. Section 28-54, Hawaii Revised Statutes presently provides for such disposition with respect to fingerprints and photographs.

Your Committee held extensive hearings and deliberated at great length on this bill. We are of the opinion that the indiscriminate distribution of law enforcement information on persons not ultimately convicted presents serious social evils which cannot be ignored. The dissemination of this information to potential employers, insurers, and other persons may prevent a person previously questioned, detained, or arrested from obtaining gainful employment and may stigmatize him unjustly. While your Committee realizes that records of criminal conviction may be subject to somewhat broader dissemination (for example, when the offense relates to an occupation in which the convicted person seeks employment or for which he seeks a State license), we are of the

opinion that no justification exists for the release of information where interrogation or detention has occurred or an arrest or charge has been made but where the police or prosecutor have not obtained a conviction in a court of law.

We have also considered the fact that the existence of these kinds of records have permitted the police to engage in questionable conduct which smacks of police harassment. Incidents have been reported to your Committee of citizens being stopped, questioned, and searched solely because of a previous arrest which did not result in prosecution and conviction.

In light of the ease with which employers or prospective employers seem to be able to obtain the information from police files and in light of the potential for harassment which the maintenance of police records on nonconvicted persons presents, your Committee has seriously considered the proposal that all such records be destroyed. However, we have been persuaded that, if confidentiality of law enforcement records can be maintained and if the police departments of the respective counties and other law enforcement agencies do not engage in harassment, the usefulness of arrest and other such records for law enforcement purposes ought to be preserved. Accordingly, we have amended **House Bill No. 834** to add to H. R. S. Section 28-54 subsections providing that certain law enforcement records are confidential, that they may not be disclosed except for law enforcement purposes or pursuant to court order, and that disclosure except as provided constitutes a misdemeanor.

It is your Committee's hope that enactment of the bill in the form attached hereto will be sufficient to eliminate the problems to which the maintenance of arrest and other such records lends itself. If this legislative action does not prove sufficient, your Committee will have no choice but to recommend, at a future date, legislation providing for the more drastic remedy of destruction of these records.

Your Committee on Judiciary and Corrections is in accord with the intent and purpose of **H. B. No. 834**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 834, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 161-74 Finance on **H. B. No. 1498**

This bill proposes to provide all political jurisdictions covered under Chapter 77, Hawaii Revised Statutes, the authority to declare a class in which a shortage occurs to be a shortage category, and to eliminate the requirement for an annual submittal of a shortage category report to the Legislature.

Normally, all initial appointments are made at the first step of a salary range. However, the state

director of personnel services may after appropriate notice and advertising, recruit at the lowest step within the appropriate salary range at which an employee can be recruited. Further, once a class is declared as a shortage category that lowest step within the salary range at which an employee can be recruited becomes the minimum salary level for that class. Currently, only the state government is permitted by statute to hire above the minimum rate in this manner.

The proposed changes to Section 77-9 will permit the counties to hire above the minimum in shortage categories and would eliminate the need for an annual report to the Legislature.

Your Committee has amended this bill to restore the requirement for reporting all shortage category determinations to the Legislature and to further require similar reporting to the council at the county level.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 1498**, as amended herein, and recommends that it pass third reading in the form attached hereto as **H. B. No. 1498, H. D. 1**.

Signed by all members of the Committee.

SCRep. No. 162-74 Housing on H. R. No. 42

The purpose of this Resolution is to request your Committee to hold hearings in which improved urban planning and development could reduce the unnecessary destruction of irreplaceable natural and recreational resources, while providing new housing units to be constructed.

Your Committee is in agreement that it is the responsibility and jurisdiction of the Director of the Department of Planning and Economic Development and not the Hawaii Housing Authority as mentioned in **H. R. 42**.

Your Committee on Housing has amended **H. R. 42** by deleting "Hawaii Housing Authority" on page 1, lines 22 and 27 and adding "Department of Planning and Economic Development" on page 1, lines 22 and 27; deleting "Social Services and Housing, and the Chairman of the Hawaii Housing Authority" on page 1, lines 31-33 and adding "Department of Planning and Economic Development" on page 1, line 31.

Your Committee on Housing is in accord with the intent and purpose of **H. R. 42** as amended herein, and recommends its adoption in the form attached hereto as **H. R. 42, H. D. 1**.

Signed by all members of the Committee.

SCRep. No. 163-74 Legislative Management

Informing the House that **House Resolution Nos. 314 to 317, House Concurrent Resolution No. 49, and Standing Committee Report Nos. 164074 to 166-74**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 164-74 Consumer Protection on H. B. No. 2511-74

The purpose of this bill is to impose additional standards to the claim settlement practices of insurers and to subject insurers to civil remedies in addition to the present criminal penalty provision.

Section 431-647, H. R. S., lists five acts of insurers which constitute unfair insurance claims practices if they are committed without just cause and with such frequency as to indicate a general business practice. The bill amends the section in the following ways:

1. Deletes the provision which makes it a violation only if the undesirable acts are committed so frequently as to constitute a general business practice of the insurer;
2. Adds failure to inform a claimant, who is not represented by an attorney and with whom an adjuster has been negotiating a settlement that the statute of limitations or a policy limitation will expire as an unfair practice;
3. Makes it an unfair practice for not delegating to an adjuster the discretionary authority to settle any claims for \$2,000; and
4. Affords claimants who can show unfair claim practices civil remedies.

While there have been many separated instances of unfair practices reported, no prosecution for violation of the section has been initiated because of the general business practice requirement. Your Committee believes that the requirement renders the penalty section meaningless and therefore endorses its deletion as proposed in the bill. Your Committee further believes that the inclusion of the civil remedies will reduce unfair practices and will materially assist the enforcement of the section. Finally, your Committee feels that there is ample justification for the two additional unfair practices.

Your Committee upon further consideration has amended the bill in the following manner:

1. Substituting the sum of \$500 for \$2,000 in section 431-67(a) 7, which relates to discretionary authority of adjusters, because data submitted to your Committee show that the lesser amount is sufficient to take care of most of the claims and the amount, as amended, would not be an undue burden on the insurers.
2. Adding an additional subsection (d) which provides that neither the unfair practices listed nor the civil remedies afforded are exclusive thus preclude actions presently available under the common law. The thrust of the bill is to improve the settlement practices of small claims (under \$500) which affect a substantial segment of the population. These small claims are generally not

represented by attorneys and merit the protection afforded under the law.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 2511-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2511-74, H. D. 1**, and be referred to the Committee on Judiciary and Corrections.

Signed by all members of the Committee.

SCRep. No. 165-74 Water, Land Use and Development on H. B. No. 2065-74

The purpose of this bill is to strengthen and extend the present erosion and sediment control activities and programs of the State and to establish and implement, through the Department of Land and Natural Resources and the soil and water conservation districts, in cooperation with the counties and other public and private entities, a statewide comprehensive and coordinated erosion and sediment control program to conserve and protect land, water, air, and other resources of the State.

Your Committee heard testimony to the effect that the soil and water conservation districts are not adequately staffed to handle the administrative requirements of the bill, and it was the consensus of opinion that erosion and sediment control should be a matter of county responsibility. It was also felt that the State Department of Health, which has overall state responsibility for water pollution control, should be given the power to provide rules and regulations within those counties which did not, within a reasonable time, enact effective soil erosion and sediment control ordinances.

Your Committee upon consideration of this bill recommends that the bill be amended to provide that the county governments be required to enact ordinances for the purpose of controlling soil erosion and sediment, and that the Department of Health be required to promulgate rules and regulations to be effective within those counties not having soil erosion and sediment control ordinances one year from the date of this bill. The Board of Health is mandated to promulgate such rules and regulations within 180 days after the one year period given to the Counties.

The purpose of the bill as amended is to strengthen and extend the present erosion and sediment control activities and programs of the State of Hawaii; to conserve and protect the land, water, and other resources of the State; to encourage all counties to enact ordinances for soil erosion and sediment control; and to require all State agencies to conform to the soil erosion and sediment control ordinances adopted by the various counties.

Your Committee on Water, Land Use and Development is in accord with the intent and

purpose of **H. B. 2065-74** as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2065-74, H. D. 1**, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 166-74 Water, Land Use and Development on H. B. No. 2491-74

The purpose of this bill is to amend Act 197, Session Laws of Hawaii, Section 6, to allow greater flexibility in financing a program for the planning and development of North Kohala.

Act 197 authorized a comprehensive program for the economic development of the North Kohala area and the program has been initiated. Section 3 of the Act appropriates the sum of \$3,700,000 from general obligation bond funds of the State for the purposes of planning and development.

This bill proposes to extend the lapse date from June 30, 1974 to June 30, 1979 however your Committee has decided to change the lapse date to June 30, 1975 and the bill has been amended to show this change. Your Committee finds that progress to date warrants this extension.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of **H. B. No. 2491-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2491-74, H. D. 1**, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 167-74 Legislative Management

Informing the House that **House Resolution Nos. 318 to 322, House Concurrent Resolution No. 50, and Standing Committee Report Nos. 168-74 to 179-74**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 168-74 Public Health and Welfare on H. R. No. 47

The purpose of this Resolution is to request the state insurance administrator to determine minimum benefits which should be part of all health insurance plans and to determine how to guarantee such minimum benefits in health insurance plans with due consideration for the cost of such plans to the consumer.

Your Committee is aware that rising medical costs make it almost imperative that all persons should have some type of health insurance coverage to meet medical expenses. Your Committee is further concerned with the fact that coverage under health insurance plans vary from plan to plan. Some include coverage for only hospital and surgical costs, while others include

medical and drug costs, and still others may include doctor's office visits and annual examinations. Presently, there are no minimum standards which a health insurance plan must conform with prior to operating within the State.

Your Committee is further aware that present health insurance plans offer no incentive for preventive care. Over half of the plans provide no doctor's office visit coverage or if such coverage is offered the first visit may be discounted. If office visits are covered, coverage may be extended only if an actual diagnosis of an illness is made. Almost no plan provides coverage for comprehensive physical examinations on an annual basis.

Providing comprehensive physical examination on an annual basis is the cornerstone to preventive health care. Early detection and treatment of illness means a cost savings to the consumer since catastrophic or long-term illness can be avoided. Simultaneously, health insurance payments for such catastrophic or long-term illness would be required less frequently having the ultimate effect of lowering premium costs for health insurance.

In addition to the coverage for comprehensive annual physical examinations, your Committee is also concerned with the problem of coverage for catastrophic illnesses. The high medical costs incurred during catastrophic illnesses often result in a financial crisis for the patient. Non-coverage for such illnesses could result in financial difficulties or total financial ruin. At a minimum, all health plans should include coverage for catastrophic illnesses.

Your Committee has amended **House Resolution 47** by combining the salient points of **House Resolution 45** and **House Resolution 46** since all the Resolutions discuss various aspects of the same basic problem, health insurance coverage. The amendments include:

(1) The addition of the following clauses from **House Resolution 45**:

WHEREAS, statistics show that about 20 per cent of the civilian population under age sixty-five, representing some thirty-four million people, are still wholly unprotected and that a disproportionate number of these people were children and the poor; and

WHEREAS, many of the individuals who need financial protection are viewed as "uninsurable," since their medical conditions make high expenditures predictable, and excluding them leaves those who are most vulnerable to fend for themselves; and

WHEREAS, under such health insurance programs as Medicare and Medicaid, the federal government is providing services and health coverage to fill in the gaps left by private health insurance.

(2) The addition of the following clauses from

House Resolution 46:

WHEREAS, the percentage of medical insurance plans which include physician office and home visits is less than fifty per cent and based on the statistics of the rising costs of doctors' fees, many persons who have medical coverage do not obtain treatment for an illness unless absolutely necessary; and

WHEREAS, such an approach to health goes against the principles of good health practices and eventually results in acute and chronic illnesses which require long-term medical or other catastrophic expenses; and

WHEREAS, recently the concept of preventive health care has come to the forefront in the controversy over medical services and costs; and

WHEREAS, the term "preventive health care" has entered into discussions on ways to reduce medical costs. "Preventive health care" includes the provision of health services which would keep a patient healthy even when he is not sick relying very heavily on comprehensive physical examinations either annually or biennially which lead to early detection and treatment of illness; and

WHEREAS, if the inclusion of an annual or biennial physical examination was covered under health insurance, medical costs to the people of the State could be reduced and the general health of the people of the State improved.

(3) The deletion of the following clauses from **House Resolution 47**:

WHEREAS, under the present private health plans there is little or no coverage of diagnostic or preventive health care.

(4) The change in the agency requested to perform the study from the State Insurance Administrator to the Office of the Legislative Reference Bureau, inasmuch as this study is related to the study on prepaid health care previously conducted by the bureau.

(5) As a result of the amendment under item (4), the title of the Resolution has been amended from "HOUSE RESOLUTION REQUESTING THE STATE INSURANCE ADMINISTRATOR TO DETERMINE MINIMUM BENEFITS WHICH SHOULD BE INCLUDED IN ALL HEALTH INSURANCE PLANS" to "HOUSE RESOLUTION REQUESTING THE OFFICE OF THE LEGISLATIVE REFERENCE BUREAU TO DETERMINE MINIMUM BENEFITS WHICH SHOULD BE INCLUDED IN ALL HEALTH PLANS".

Your Committee on Public Health and Welfare concurs with the intent and purpose of **H. R. No. 47**, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as **H. R. No. 47**, **H. D. 1**.

Signed by all members of the Committee.

**SCRep. No. 169-74 Public Health and Welfare
on H. B. No. 619**

The purpose of the bill is to provide income tax and real property tax exemptions to persons who are not considered totally disabled under the present law but who nonetheless suffer from a disability, whether mental or physical, which impairs their earning ability.

Testimony on the bill indicated that, as presently drafted, the department of taxation would have difficulty in administering the provisions since the language used is unspecific and broad, lending itself to the possibility of abuse. The department of taxation, in its testimony, cited the following hypothetical case in which a person who was a mechanic is prevented from doing repairs on cars because he has an arthritic condition. He therefore turns to real estate or insurance and earns a good income. Should such a person be eligible for exemptions under total disability? As drafted, **House Bill 619, H. D. 1**, could possibly include such a person.

Based on the testimony presented and recognizing the need for more specific language, your Committee has amended **House Bill 619, H. D. 1**, in the following manner:

(1) The title of the bill has been amended from "A BILL FOR AN ACT RELATING TO TAXATION AND AMENDING CHAPTER 235 OF THE HAWAII REVISED STATUTES" to "A BILL FOR AN ACT RELATING TO TAXATION." The rationale for the change was to maintain the intent of the bill in view of the amendments made in the body of the bill as articulated below.

(2) Instead of amending the definitions in 235-1, Hawaii Revised Statutes, to include such persons as "person totally disabled," your Committee has amended section 235-54, Hawaii Revised Statutes, relating to exemptions by adding a new subsection (d) to provide that a person who has either a physical or mental disability which results in the person's inability to engage in a substantial, gainful business or occupation, shall be eligible for an income tax deduction of \$5,000. However, such a deduction shall be allowed only for earned income, that is, income earned from wages, salaries, or fees, and other amounts received as compensation for personal services actually rendered, and only after all deductions entitled to the person under chapter 235 are taken, leaving the person with a taxable income of not more than \$5,000. The \$5,000 exemption under this section shall not be included as a deduction to determine taxable income.

In addition, your Committee added the proviso that a certificate of disability must be obtained from the appropriate authority and that a person who claims an exemption under this new subsection (d) cannot also claim an exemp-

tion as a "person totally disabled" which is provided for under section 235-54(c), Hawaii Revised Statutes.

(3) To provide for the real property tax exemption for persons claiming an exemption under the new section 235-54(d), your Committee amended chapter 246, Hawaii Revised Statutes, the Real Property Tax Law, to provide real property tax exemptions for such persons on all real property owned, but not exceeding a taxable value of \$15,000. The disability shall be certified to by the appropriate authority authorized by the department of health.

(4) Your Committee has moved the effective date of the Act from the taxable years beginning on or after January 1, 1974 to the taxable years beginning on or after January 1, 1975.

Your Committee on Public Health and Welfare is in accord with the intent and purpose of **H. B. No. 619, H. D. 1**, as amended herein, and recommends its referral to the Committee on Finance in the form attached hereto as **H. B. No. 619, H. D. 2**.

Signed by all members of the Committee.

**SCRep. No. 170-74 Public Health and Welfare
on H. B. No. 2189-74**

The purpose of this bill is to convert the hospital administrator positions at Kauai Veterans Memorial Hospital, Hilo Hospital, and Maui Memorial Hospital to regular civil service positions under chapters 76 and 77, Hawaii Revised Statutes.

The administrators of all county/State hospitals are presently classified under the civil service system, pursuant to chapters 76 and 77, Hawaii Revised Statutes. The administrators of Kauai Veterans Memorial Hospital, Hilo Hospital, and Maui Memorial Hospital are the only three administrators who are not presently in the civil service system since their positions are appointed by the governor and exempt from civil service status. However, the benefits these three administrators are now accorded correspond to those benefits received by persons under the civil service system. The conversion of these three positions to the civil service system would formalize their positions within the system providing consistency among all the county/State hospital administrators.

Your Committee on Public Health and Welfare is in accord with the intent and purpose of **H. B. No. 2189-74**, and recommends its referral to the Committee on Finance.

Signed by all members of the Committee.

**SCRep. No. 171-74 Public Health and Welfare
on H.B. No. 2060-74**

The purpose of this Act is to establish a Hawaii

Health Facilities Authority to establish, manage, control, and operate public hospitals and health facilities in the State.

Background. Hawaii's public hospitals are presently under the governing authority of the director of health pursuant to Act 265, Session Laws of Hawaii 1969. The legislative history of the State takeover of such a responsibility began in 1965 when the State legislature passed Act 97 which declared that public hospitals would be a state responsibility. Essentially, Act 97 formally recognized the State's financial contributions to the county hospital system which had been increasing with the escalating medical costs. Without the State's financial support, county hospitals could not have survived. Under Act 97, county hospital autonomy at all levels was maintained and all decisions pertaining to the hospitals were made at the county level.

Act 203, Session Laws of Hawaii 1967, represented the second step in the State's takeover of the county hospitals, or more commonly, Act 97 hospitals. Under Act 203, hospital employees became state civil service employees and certain functions were shifted to the State. The director of health became the governing authority and the county hospital managing committees which ran the hospitals were abolished and replaced by hospital advisory councils, who were to advise the director of health on hospital operations and management. On the financial side, greater scrutiny of hospital budgets by the legislature and the department of budget and finance was instituted on an annual basis.

Finally, in 1969, Act 265 was enacted to complete the State's takeover of Act 97 hospitals. The effective date of the takeover was January 1, 1970.

Present system under Act 265. Act 265 clearly delineated the jurisdiction of the State in the area of hospitals and medical facilities. The director of health was designated the sole governing authority of the county/State hospitals. No intervening body stood between the director and the hospital. The director's duties included establishing and changing rates charged¹ by hospitals, as well as establishing policies for all hospitals. Hospital advisory councils were replaced by management advisory committees. The official role of such committees are to recommend a person to the governor for appointment as hospital administrator and to advise the director of health. These duties, however, are performed upon request of either the governor or the director of health.

The present county/State hospital system consists of 12 hospitals. The Hawaii County Hospital System, the only county-wide hospital system, includes Hilo Hospital, Honokaa Hospital, Kohala Hospital, Kona Hospital, and Kau Hospital.

Maui County has Maui Memorial Hospital, Kula Sanatorium and General Hospital, Hana Medical Center, and Lanai Community Hospital. Kauai County has Kauai Veterans Memorial Hospital and Samuel Mahelona Memorial Hospital. Maluhia Hospital is the only county/State hospital in the city and county of Honolulu.

Problems of the present system. The county/State system has become embroiled in a financial situation which has placed increasing pressures on the legislature to expand the annual general fund appropriations to maintain operations. Increasing costs in medical services (equipment, personnel, etc.), inefficient purchasing methods, and lack of policies relating to collection of past-due accounts are some of the problems facing individual hospitals. In addition, systemwide difficulties of the State program compound the problem.

Although the director of health has been statutorily designated as the sole governing authority for the county/State hospitals, no real effort has been made to develop standardized policies and procedures relating to all hospitals in the system. Consequently, it has been found that the quality of care as it relates to professional nursing care per patient per day varies from hospital to hospital, and the quantity of care, that is, the number of available beds for long term or acute care also varies due to historical factors rather than actual need. Personnel management, staffing patterns, and staff privileges are also inconsistent, among county/State hospitals. Further, clarification of the hospital administrator's relationship with the county/State hospital system and the role and responsibilities of the management advisory committees is also needed. In essence, under the present system, no apparent benefits have accrued from the statewide county/State hospital system such as the increasing of coordination among the hospitals in the system on the county levels or through standardization of policies and procedures. No real cost savings measures through bulk purchasing of equipment and supplies or the development of a cohesive program budget has occurred. Most importantly, no overall planning objectives and goals have been established for the development of a statewide county/State hospital system.

Hawaii Health Facilities Authority — H. B. 2060-74. House Bill No. 2060-74 presents an alternative to the present system. It establishes an authority to be known as the Hawaii Health Facilities Authority which shall become responsible for all hospitals within the county/State hospital system. The authority would be placed under the department of health for administrative purposes only allowing it to act independently of the department. The director of health would be an ex-officio member of the authority's board of trustees.

The board of trustees of the authority would be the governing body for all county/State hospitals, establishing policies and procedures for the

¹Rate changes subject to public hearings.

system. In addition, the board is to hire a general manager who will manage the system and be responsible to the board.

The basic purpose of establishing a county/State hospital system under an authority is to provide for efficiency and effectiveness in service delivery.

The bill requires the county/State hospitals to be organized into county hospital systems for county-wide coordination, planning, and financing.

Ambulance services in counties of less than 200,000 population shall be provided by the department of health and the department may contract with the authority to provide such services. In addition, the cost of care for tuberculosis patients shall be reimbursed by the department of health.

Since the bill prohibits the authority from entering into long-term debt arrangements or the issuance of long-term bonds, the bill established a building trust administratively placed within the department of budget and finance for the designing, development, financing, construction, and leasing of hospitals and health facilities of the authority. The building trust is authorized to issue reimbursable general obligation bonds or general revenue bonds to finance cost of development.

All functions, personnel, and personal property pertaining to the operations and maintenance of hospitals and other public health and medical facilities presently under the department of health and specified in Act 265, SLH 1969 are transferred to the authority. Personnel transferred will not suffer any loss in employee benefits or privileges. Administrative personnel are excluded from the transfer. All real property used in the operation and maintenance of hospital and other public health and medical facilities specified in Act 265, SLH 1969, are transferred to the building trust. Provisions are made for the orderly transition.

Amendments to H. B. 2060-74. Testimony presented before your Committee revealed that certain provisions in the bill as drafted were unrealistic, particularly those provisions requiring the county hospital systems to become self-supporting through the increase in service fees. The basic philosophy behind the State's takeover of the former county hospital system under Acts 97, 203, 265 was to provide and maintain medical services in areas where such operations are not feasible. If left to the open market, there is a strong possibility that many areas, particularly the rural areas of the State, would be without medical services. The deficit in such services needs to be fulfilled regardless of feasibility of such services in terms of financial self-sufficiency. The State has taken on the responsibility to provide such services where no other alternative exists.

Further, full self-sufficiency is almost impossible because, under present federal medical

programs including Medicare and Medicaid, as well as other services provided by hospitals, reimbursement for services is not necessarily comprehensive reimbursement. Full payment for all services provided to the patient is not always reimbursable by federal medical programs or health insurance or patient fees.

The raising of medical fees to attain self-sufficiency in the county hospital system would therefore place too much pressure on the hospital system. Moreover, since the ability of self-sufficiency varies from hospital to hospital, the funding system which provides county-wide support through the county hospital system would penalize those hospitals which may be able to maintain reasonable self sufficiency since they would be required to "carry" other facilities where no substantial self-sufficiency can be maintained.

Your Committee, therefore, feels that it would be more reasonable to amend the bill to remove the requirement of self-supporting status and to substitute the guideline that fee schedules be based on such factors as costs of delivery of services, levels and methods of federal reimbursements, and insurance premiums. To this end, Section -10(d) has been amended.

Originally, the bill required each county fund to be either a special fund (when support from the general fund is required) or a revolving fund (when no general fund support is required). Since the major thrust of this bill is to grant some autonomy to the hospital system and to free it from bureaucratic controls, your Committee believes that the central fund of the hospital authority as well as the individual county funds should be classified as revolving funds. Section -18 has been amended accordingly.

Your Committee would like to make special mention of testimony presented by Dr. Sakae Uyehara of Maui who impressed your Committee with his knowledge and concern for hospitals in Hawaii.

Your Committee on Public Health and Welfare is in accord with the intent and purpose of **H. B. 2060-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2060-74, H. D. 1**, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 172-74 Public Health and Welfare on H. B. No. 1281

The purpose of this bill is to provide a rental utility differential and a special allowance for replacement and repair of household appliances for those persons receiving public assistance.

In January 1974 the department of social services and housing recommended the implementation of a full flat grant system for families receiving aid to dependent children financial

assistance; however, the governor delayed the implementation for a few months pending the relocation of the high-rental families. According to the testimony presented by the department, approximately 2,300 families are affected by reduction in payments due to flat granting of rental allowances, and thus far only 600 families have been relocated to lower cost rental homes. Continuous efforts are being made by the agency to place the remaining 1,700 families in lower rental living quarters; however, your committee also heard testimony of many hardship and living arrangement problems resulting from uprooting a family from one geographical location to another area of the island because of relocation requirements of the agency. Your Committee is skeptical that the agency will be able to relocate all of the high-rental families in suitable rental units, and finds that it is unreasonable and unfeasible to limit rent and utilities in a flat grant system of payment in view of the lack of adequate low cost housing throughout the State.

A study conducted by Kaplan, Gans, Kahn, and Yamamoto on the housing situation in the State revealed that:

1. There are extremely few vacancies and little housing available at reasonable prices; estimates placed the housing shortage at between 50,000 to 100,000 units in 1970.
2. Families pay more than they can afford.
3. Families accept poor quality housing and/or live in overcrowded conditions.
4. Hawaii's housing situation is brought about by the scarcity of housing.
5. Increasing population aggravates housing conditions.

In addition to these basic conditions in housing which affect the total population, welfare recipients are burdened even further. Many have large families which require larger homes which in turn results in much greater utility costs than provided in the flat grant system. In addition, many landlords are reluctant to rent homes to welfare recipients.

Concerned with the need to remedy this dilemma facing the public assistance recipients, your Committee examined the rental utility differential provision embodied in the bill whereby it provides for the department to pay for rent and utilities in excess of the amount which the department has allocated to the recipient, and believes that the provision will relieve recipients from unnecessary hardships from the flat grant system. This rental utility differential allowance would be applicable to all public assistance recipients, including single persons and couples without dependents under the general assistance program.

Your Committee on Public Health and Welfare is also aware of the problems involved in utility

deposits which must be made by persons desiring to rent homes and acquire utility services. In many cases the deposit is a substantial amount which causes much hardship on the recipient as no provision is made for utility deposits which are required by the utility companies prior to the installation of utility services. Such deposits should be considered as a part of utility payment allowances since they are a prerequisite for recipients to rent homes.

In addition, a new section on special allowance for replacement or repair of household appliances has been included for emergencies. Under the flat grant system, the special allowance for replacement or repair of household appliances has been virtually eliminated. Consequently, when an emergency arises such as breakdown of refrigerator appliance, no additional funds are made available for repair or replacement. This leaves the family in a completely helpless position due to the loss of valuable food being stored, and furthermore, the family is left completely inadequate in maintaining the necessary perishable food supplies to meet daily needs. Your Committee strongly believes that it is a mandatory responsibility of the State to provide for such emergency allowances to eliminate the adverse conditions that recipients of public assistance are faced with in the flat grant system.

In view of the testimony presented and the findings of the committee, your Committee on Public Health and Welfare has amended H. B. 1281 in the following manner:

1. Your Committee has included in the rental utility differential a provision to allow rental and utility deposits to be included in the differential payment.
2. Your Committee has amended the bill by adding a second new section to chapter 346, Hawaii Revised Statutes, to provide for an emergency allowance in addition to all other assistance payments under financial assistance. The emergency allowance shall be for the repair or replacement of household appliances. It would be paid on an emergency basis to recipients.

Your Committee on Public Health and Welfare is in accord with the intent and purpose of H. B. No. 1281 as amended herein, and recommends that it pass second reading in the form attached hereto as H. B. No. 1281, H. D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 173-74 Water, Land Use and Development on H. B. No. 326

The purpose of this bill is to modify the definition of "displaced person" in the law providing for assistance to those required to move because of government action, by excluding tenants upon and occupiers of State land under a revocable permit.

The findings and declaration of legislative purpose expressed in chapter 111, Hawaii Revised Statutes, Sec. 2 of which this bill proposes to amend, states, in relevant part, that:

"[P]ersons displaced by any action undertaken by any state or county governmental agency should be compensated for such displacement **under certain circumstances**. The purpose of this chapter is to establish a uniform policy for the fair and equitable treatment of owners, tenants, other persons, and business concerns displaced by the **acquisition** of real property for public or other purposes in the public interest, by building, zoning, and other similar **code enforcement** activities, or by a program of **voluntary rehabilitation** of buildings or other improvements conducted pursuant to governmental supervision." (Emphasis added).

The chapter provides for various forms and amounts of remuneration and restitution to persons qualifying, including relocation and optional payments for dwellings, business and farm operations, replacement housing payments, and for relocation assistance programs.

According to testimony presented by the department of land and natural resources, revocable permits for the occupancy of land owned by the State are issued to permit temporary use of State lands until planned more permanent disposition can be made, and to assist people who need temporary use of land. Permits are charged for at rates far below fair market rental because the State reserves the right to cancel the permit at any time upon giving the permittee thirty days' notice in writing of intent to cancel.

Further, since a revocable permit is of its nature a temporary permission to use State land and since the intention of the State in issuing such permit is to make interim use of the land until it is ready to develop it or put it to other more permanent use, it is not reasonable that the State should be required to pay the permittee for displacing him. The permittee is made to understand he will be so dispossessed at any time the State has a requirement for the land for a better use, and the permittee agrees to and signs the permit under those conditions.

Your Committee upon consideration of this bill recommends that it be further amended to provide that the amended definition of "displaced person" shall not include those persons previously occupying non-state land which is subsequently acquired by the State and who are being displaced through State action.

(1) To include in the definition of "displaced person", as not included in this chapter, "a tenant upon" in addition to "an occupier of" state land.

(2) To provide that the Act shall apply only to a revocable permit "which is issued or renewed on or

after [its] effective date . . ."

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of **H. B. No. 326, H. D. 1**, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as **H. B. No. 326, H. D. 2**.

Signed by all members of the Committee.

SCRep. No. 174-74 Housing on **H. B. No. 1195**

The purpose of this bill is to add stringent requirements for purchasers of lots developed by private developers with State or County aid, loans, or funds. These requirements would preclude the following types of purchasers: 1) a prospective purchaser who already has a lot developed through a State or County program. 2) a person whose spouse has purchased a lot developed under a State or County program. 3) Any person whose annual gross income, including the income of his or her spouse, exceeds \$20,000. 4) a person who himself or his spouse owns or leases land which is suitable for residential housing.

Your Committee has amended **H. B. 1195** to avoid restrictions on the purchase or lease eligibility of an adult or married child of parents who have purchased or leased a lot which was developed through State or County aid, loans, or funds.

Your Committee on Housing is in accord with the intent and purpose of **H. B. No. 1195**, as amended herein, and recommends its referral to the Committee on Judiciary and Corrections in the form attached hereto as **H. B. No. 1195, H. D. 1**.

Signed by all members of the Committee.

SCRep. No. 175-74 Public Health and Welfare on **H. B. No. 2428-74**

The purpose of this bill is to exclude able-bodied persons from qualifying for general assistance unless they have a disabled spouse or a minor dependent child or children.

From testimony presented to your Committee, it was revealed that this bill would provide a statutory base for existing department of social services and housing regulations relating to eligibility for general assistance, which were recently declared illegal by the decision of Judge Masato Doi. Your Committee also finds that to exclude able-bodied persons from general assistance eligibility would adversely affect many persons who have a valid need.

If the purpose of the bill is to exclude those persons considered to be "freeloaders" or those persons who are "professional recipients," the approach to reducing such abuses should not penalize those who have a real need for such

assistance. Your Committee finds that the curbing of abuses in general assistance should be handled through a process of elimination of persons from general assistance on the basis of their seeking employment or accepting employment from the State. Act 177, Session Laws of Hawaii 1973, provided a means by which the department of social services and housing could require a person receiving assistance to gain employment. Under the public service employment program, the department is responsible for providing employment on public works projects for persons who: (1) receive full or partial public assistance from the State or (2) receive unemployment compensation benefits from the State, and are in the last two weeks of such unemployment compensation benefits after which they would be eligible for full or partial public assistance. However, persons qualifying under (1) and (2) must also reside on an island where the primary economic base providing employment for such persons is lost or in danger of being lost.

Your Committee feels that Act 177, if extended on a statewide basis, would provide the department of social services and housing with an avenue by which they may eliminate persons receiving general assistance who do not accept employment. The intent here is to offer able-bodied persons jobs through public works projects. Any refusal of such a public works job would mean immediate disqualification from assistance benefits.

In pursuing the approach to provide general assistance payments to eligible able-bodied persons and to insure safeguards from abuses, your Committee has amended **H. B. 2428-74** by deleting the provision which disqualifies able-bodied persons from general assistance. In addition, your Committee has included a new section to the bill which would amend section 346-102(a) to extend public service employment to all persons on partial or full public assistance regardless of their area of residence. This amendment to section 346-102(a) in no way interferes with the original intent of Act 177, Session Laws of Hawaii 1973.

Your Committee found through testimony that the funds appropriated for Act 177, Session Laws of Hawaii 1973, have never been allotted for expenditure. Such unilateral decisions by the administration to withhold funds is in direct conflict with the intent of the Act and presumes the executive branch to be the policy-making body when in effect the legislature is the policy-making body in the State and the executive is the implementing arm.

Under the amendments made to **H. B. 2428-74**, your Committee finds it imperative that funds under Act 177, relating to public service employment be released for use by the department of social services and housing. Non-release of such funds for the program could result in greater costs in payment of general assistance benefits without any benefit to the State. Establishing public works projects for employment of able-bodied persons on general assistance would allow the State to be

repaid for general assistance payments through services rendered by persons on such assistance.

Your Committee on Public Health and Welfare is in accord with the intent and purpose of **H. B. No. 2428-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2428-74, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 176-74 Consumer Protection on H. B. No. 2591-74

The purpose of this bill is to delete unnecessary provisions relating to credit life and disability policies.

When Chapter 435, Hawaii Revised Statutes, was enacted in 1969 it permitted, for a one-year period, or for such longer period as the insurance commissioner feels is required to produce credible mortality and morbidity data, the creditors to charge debtors maximum premiums set by the statutes. Inasmuch as the data are presently available, the maximum interim rates are no longer necessary according to the insurance commissioner.

Your Committee upon further consideration of the bill has made two additional changes. These are technical amendments which are necessary to make the affected sections consistent.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 2591-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2591-74, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 177-74 Judiciary and Corrections on H. B. No. 2485-74

The purpose of this bill is to encourage the rehabilitation of convicted persons by eliminating disqualification from employment or licensure by the State or its political subdivisions solely by reason of a prior conviction of a crime. Under the bill, employment or occupational licensure may still be refused or terminated, however, if the applicant or employee is convicted of a crime when the offense directly relates to the occupation in which the convicted person seeks or holds employment or for which he seeks or holds a license. The bill adds a new section to the Hawaii Revised Statutes to provide for the above, and repeals all contrary provisions.

Your Committee, upon further consideration, has amended the bill by deleting a provision calling for the repeal of Section 28-55, H. R. S.

Section 28-55 deals with reports by the department of the attorney general to county clerks of

convictions of citizens of this State in the United States District Court for the District of Hawaii. The reports are for the purpose of enabling county clerks to determine voting eligibility. Accordingly, the repeal or modification of Section 28-55 is not properly within the scope of this bill which relates to employment and occupational licensing.

We have also amended the bill to provide for the repeal of H. R. S. Section 437-28(b) (23), as being unnecessary in light of the general provisions of this Act. Section 437-28(b) (23) provides that the license of an automobile dealer may be revoked or suspended upon conviction of violating Section 291-38, making it an offense to tamper with odometers. The board still has this power under this bill.

We have also made minor amendments to correct clerical mistakes.

Your Committee on Judiciary and Corrections is in accord with the intent and purpose of **H. B. No. 2485-74, H. D. 1**, as amended herein, and recommends that it pass Third Reading in the form attached hereto as **H. B. No. 2485-74, H. D. 2**.

Signed by all members of the Committee.

SCRep. No. 178-74 Water, Land Use and Development on H. B. No. 2188-74

The purpose of this bill is to correct the terminology contained in section 213(h) of the Hawaiian Homes Commission Act. The term lease is deleted and replaced by the term license in order to conform with the provisions of Section 207(c) (1) (B), which provides for granting of licenses, and not leases, to theaters, garages, service stations, markets, stores and other mercantile establishments.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of **H. B. No. 2188-74** 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. 179-74 Federal-State-County on H. B. No. 2466-74

The purpose of this bill is to change the procedure for notifying the owner failing to maintain or repair his sidewalk by requiring a publication of the notice in a newspaper or by mailing a copy of such notice to the abutting owner. Existing law provides for notice by publication or by posting the notice on the premises.

Your Committee has made a technical amendment to this bill to bracket certain words which were meant to be bracketed but which were

inadvertently not bracketed.

Your Committee on Federal, State and County Relations is in accord with the intent and purpose of **H. B. No. 2466-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2466-74, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 180-74 Legislative Management

Informing the House that **House Resolution Nos. 323 to 329, House Concurrent Resolution No. 51, and Standing Committee Report Nos. 181-74 to 190-74**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 181-74 Judiciary and Corrections on H. B. No. 1273

The purpose of this bill is to require implementation of the State's correctional master plan by amending the Hawaii Revised Statutes relating to an operational portion of the overall Correctional Master Plan. The bill, if enacted, would place the administrative responsibility for the operation of the intake service centers under the director of social services and housing instead of under the office of the governor.

Your Committee found that from a management standpoint the intent of the bill indicates a proper course of action. The 1969 study entitled "Corrections in Hawaii" which was undertaken by the survey services section of the National Council on Crime and Delinquency recommended that all correctional services be combined administratively under one department. The very comprehensive Correctional Master Plan promulgated by the State Law Enforcement and Juvenile Delinquency Planning Agency, which the legislature endorsed by passage of Act 179 of the 1973 session, stated that "Operation of the Intake Service Center under the auspices of the Department of Social Services would appear to be the best possible choice since this permits the center to function within the framework of neutrality necessary to assure its maximum effectiveness." And finally, the Report on Corrections which was just issued by the National Advisory Commission on Criminal Justice Standards and Goals strongly recommends the unification of all correctional programs, specifically including those offered by the intake service center, under one statewide correctional services agency — in Hawaii's case, the Department of Social Services and Housing.

Your Committee has therefore amended **H. B. No. 1273** by making the intake service center advisory board advisory to the Director of Social Services and Housing rather than to the Governor, and retained the provisions whereby the advisory board nominates three candidates to the director

for the position of administrator of the center. This provision will allow for greater confidence in the operations of the center by the broad range of interests which compose the advisory board membership. The position is left separate from chapter 76 for the same reason, although the nominees must meet qualifications established by the department of personnel services.

Your Committee on Judiciary and Corrections is in accord with the purpose of **H. B. No. 1273**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 1273, H. D. 1**, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 182-74 Labor and Public Employment on H. B. No. 1291

The purpose of this bill is to provide for the conversion of non-civil service employees under the Hawaii International Services Agency to permanent civil service status, without examination or reduction in pay, and be accorded such civil service rights and privileges as seniority, prior service credit, vacation and sick leave.

The Hawaii International Services Agency was created under Act 198, SLH 1967 for the purpose of enhancing and developing the economic growth and potentials of the State, including assistance and stimulation of Hawaii's business community in the development and expansion of international activities. At the present time, there are 7 positions in this program.

Your Committee upon consideration of this bill recommends that it be amended to designate the positions which are to be converted to civil service status under this bill.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of **H. B. No. 1291**, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as **H. B. No. 1291, H. D. 1**.

Signed by all members of the Committee.

SCRep. No. 183-74 Labor and Public Employment on H. B. No. 2506-74

The purpose of this bill is to amend the Temporary Disability Insurance Law to permit naturopaths to certify the disability of a claimant.

Section 392-26 presently authorizes, licensed physicians, surgeons, dentists, osteopaths, chiropractors and accredited faith-healing practitioners to certify the disabilities of persons who are claiming benefits under the Temporary Disability Insurance Law. This bill proposes to add persons licensed to practice naturopathy to the foregoing list.

Naturopaths must be licensed and their practices are regulated under state law. Furthermore, the Workmen's Compensation Law already defines naturopaths as "physicians" and authorizes them to treat injured workers and to certify disabilities. There appears to be no reason why naturopaths should not be authorized to do the same under the Temporary Disability Insurance Law.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of **H. B. No. 2506-74** and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection.

Signed by all members of the Committee.

SCRep. No. 184-74 Labor and Public Employment on H. B. No. 2550-74

The purpose of this bill is to appropriate a sum of \$50,000 for a detailed and intensive study of the Employees' Retirement System and its benefits by an actuarial consultant who shall be employed by the retirement system. Your committee has amended the bill to provide greater details as to what shall be included in the study.

The numerous bills introduced each year relating to the retirement system indicates the need for a study of the system and its benefits and any improvements thereof.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of **H. B. No. 2550-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2550-74, H. D. 1**, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 185-74 Consumer Protection on H. B. No. 2538-74

The purpose of the bill is to provide that any health or accident policy issued which provides for payment or reimbursement to a policyholder for medical services shall also apply if such service is performable by a dentist under our licensing laws.

As is the case in many professions and trades, the bill recognizes the fact that there is a limited overlapping of skills or services between professional men and tradesmen. Your Committee believes that the bill's proposal will benefit the consumer and that so long as the policyholder receives qualified service covered under his policy he should be reimbursed.

Upon consideration of the bill, your Committee has clarified the bill so that the overlapping services will be limited to surgical procedures. As amended, the new provisions will conform to the title or headnote of the new section and will be consistent with the intent of the bill.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 2538-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2538-74, H. D. 1** and that it be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 186-74 Water, Land Use and Development on **H. B. No. 2196-74**

The purpose of this bill is to amend Section 171-16(b) to bring it into conformity with Section 171-15, Hawaii Revised Statutes, relating to dispositions of public lands by drawing.

Section 171-15 requires publication of a notice of a proposed drawing as provided in Section 171-16, Notices. Section 171-15 directs that applications shall be filed "within two weeks after the last publication date." Section 171-16(b) requires that the notice of proposed drawing shall state the date by which all applications shall be filed "which date shall be not less than ten days after the last publication date."

The two sections do not actually conflict, but Section 15 makes two weeks as the limit of the time for filing applications while the Board, if it chooses to exercise the right stated in Section 16, may call for submission of applications by ten days after notice. This might be challenged as to the four days differential. This bill would change the ten days of the present law to fourteen days.

The bill also takes the rigidity out of the requirement that lease or patent documents be issued within 90 days after the drawing by providing that such documents be issued either within 90 days or when the conditions of the sale are fulfilled, because it is often difficult to meet the 90-day requirement for various reasons, such as delay in obtaining financing.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of **H. B. No. 2196-74** 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. 187-74 Consumer Protection on **H. B. No. 303**

The purpose of this bill is to amend Section 453-3, Hawaii Revised Statutes, relating to licensing requirements of mortgage brokers and mortgage solicitors.

The bill amends existing law in the following ways:

1. Requires a mortgage broker which is a corporation, partnership or association to continue to employ another individual mortgage broker whenever the employee who originally

qualified the corporation, partnership or association leaves its employment or be subject to revocation of its license.

2. Adds another requirement for a mortgage broker applicant which provides that the applicant serve as a mortgage solicitor for three years or its equivalent.

3. Requires mortgage solicitors applicants to substantiate their qualification by affidavits and other documents.

Your Committee on Consumer Protection agrees with the Department of Regulatory Agencies that the amendments are necessary and reasonable.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 303** 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. 188-74 (Majority) Water, Land Use and Development on **H. C. R. No. 9**

The purpose of this concurrent resolution is to request the House of Representatives of the Seventh Legislature, Regular Session of 1974, the Senate concurring, that the new stadium at Halawa be named the John A. Burns Stadium in honor of our esteemed Governor of the State of Hawaii who is currently serving his twelfth year.

Your Committee on Water, Land Use and Development concurs with the intent and purpose of **H. C. R. No. 9** and recommends its adoption.

Signed by all members of the Committee.

Representative Wasai does not concur.

SCRep. No. 189-74 Labor and Public Employment on **H. R. No. 195**

The purpose of this resolution is to encourage the State government and each of the County governments to train and employ paraprofessionals to render those services which supplement and assist State and County professional employees.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of **H. R. No. 195** and recommends its adoption.

Signed by all members of the Committee.

SCRep. No. 190-74 Water, Land Use and Development on **S. B. No. 1867-74**

The purpose of this bill is to provide certain powers governor in emergency situations that he may implement federal programs and authorize state and local programs. Thus, the bill would perforce allow the governor to authorize

such a program as the now familiar GASPLAN to control the distribution of gasoline.

Your Committee agrees with the findings and conclusions of the Senate as set forth in the **Senate Standing Committee Report No. 111-74**, dated March 7, 1974, covering **S. B. No. 1867-74**, as amended therein, which findings and conclusions are incorporated herein by reference.

It is noted that the governor, in the exercise of his powers under the GASPLAN, has deemed it proper to provide exemptions therefrom to certain counties which have managed to formulate their own plans for the control and distribution of petroleum and petroleum product commodities. Your Committee believes this to be a sensible approach inasmuch as each county may well be better versed with the habits, life styles and other exigencies unique and peculiar to its own county which may affect the manner in which the energy emergency crisis is managed. It is intended that the governor continue to proceed on a county by county basis in the management of the energy emergency crisis so that the rules and regulations shall allow a county, which has under its charter the right to declare an emergency and the powers to carry out a plan to cope with the emergency, to manage and administer the rules and regulations in consonance with the governor's powers to manage the energy emergency crisis.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of **S. B. No. 1867-74, 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. 191-74 Legislative Management

Informing the House that **House Resolution Nos. 330 to 335, House Concurrent Resolution No. 52 and Standing Committee Report Nos. 192-74 to 201-74**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 192-74 (Majority) Water, Land Use and Development on H. B. No. 2150-74

The purpose of this bill, as amended, is to amend present law relating to the protection of indigenous and other desirable animal and plant life to clarify ambiguities, define terms and to replace unduly restrictive provisions with those that provide for reasonable control.

The bill makes the Animal Species Advisory Commission advisory to the Board of Land and Natural Resources through the Division of Fish and Game rather than directly to the Division of Fish and Game. Provision is made for establishing a quorum and clarifying compensation and reimbursement for expenses and stenographic services for members of the Animal Species Advisory Commission. The makeup of the Commission has

been revised to replace the chief of the Division of Fish and Game with the Chairman or deputy to the Chairman of the Department of Land and Natural Resources and to include scientists in the field of ecology or persons knowledgeable in fishing, hunting and conservation of fish and wildlife.

Any deliberate introduction (regardless of who proposes it) of a species of animal whether imported into the State or transferred from one island of the State to another would be subject to the advice of the Animal Species Advisory Commission. The Act presently limits the Commission's consideration to only those introductions proposed by the Department of Land and Natural Resources.

The term "animal" is defined. Such a definition was lacking. Before recommending the deliberate introduction of a species of animal, the Division of Fish and Game must find that the individual animals have been examined and tested for detectable diseases and parasites with negative results by the State Department of Agriculture at the expense of the introducing party and that they or their progeny will not be a threat to the control of human or animal diseases or parasites. The Act is presently silent on these provisions and the changes were recommended by the Department of Agriculture.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of **H. B. No. 2150-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2150-74, H. D. 1**, and be referred to the Committee on Finance.

Signed by all members of the Committee.

Representatives A. Chong and King did not concur.

SCRep. No. 193-74 Transportation on H. B. No. 2585-74

The purpose of this Act is to establish a fund to be used for driver training by the judiciary department. The fund is to be composed of moneys from a penalty assessment of \$1 levied on conviction or forfeiture of bail for any offense involving violation of a statute or county ordinance relating to vehicles or their drivers or owners except (1) offenses relating to stopping (when prohibited), standing, or parking; (2) offenses relating to registration; and (3) offenses by pedestrians. The penalty assessment is to be in addition to any fine or sentence of imprisonment or amount of bail forfeiture fixed or imposed by the court, and whether or not sentence or imposition of sentence is suspended, and shall not apply to offenses committed or alleged to have been committed prior to the effective date of the Act.

Your Committee on Transportation is in accord with the intent and purpose of **H. B. No. 2585-74**,

and recommends that it pass second reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 194-74 Water, Land Use and Development on **H. B. No. 2626-74**

The purpose of this bill is to establish a Keaukaha-Panaewa home-replacement loan fund and a construction loan fund under the Hawaiian Homes Commission Act.

At the present time, there are 133 homes in Keaukaha and 4 homes in Panaewa that need to be replaced as those dwellings are sub-standard and dilapidated. Replacement of these existing units will definitely improve the welfare of the lessees.

The construction loan fund would make available moneys for home mortgage loans to applicants on the waiting list in Keaukaha, where there are 88 vacant lots.

Your Committee upon consideration of this bill recommends the following amendments:

1. The Keaukaha-Panaewa home construction fund designation in the bill will be changed to the **Keaukaha-Waiakea** home construction fund. This would be consistent with the Department of Hawaiian Home Lands' current designation for its residential project in the Hilo area. Likewise, the Keaukaha-Panaewa home replacement loan fund be changed to the **Keaukaha-Waiakea** home-replacement loan fund.

2. In subsection "(m) Keaukaha-Panaewa home construction fund", the third (3) sentence to be changed to: "The moneys in this fund shall be used to make loans to applicants on the waiting list to construct homes upon vacant homestead lots." Sentence four (4) to be changed to: "Such loans shall be for a period not to exceed twenty years, shall bear interest at two and one-half percent and shall not exceed the loan amount specified for a residence lot in section 215 of this Act."

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of **H. B. No. 2626-74**, as amended herein, and recommends that it pass Second Reading and be referred to the Committee on Finance in the form attached hereto as **H. B. No. 2626-74, H. D. 1**.

Signed by all members of the Committee.

SCRep. No. 195-74 Water, Land Use and Development on **H. B. No. 2546-74**

The purpose of this bill is to amend the language of Item 4, Section 1B of Act 155, S.L.H. 1969, and Item 3, Section 1B of Act 187, S.L.H. 1970, to provide that the \$1,000,000 and the \$5,000,000 respectively appropriated by those Acts may be used for direct purchase of certain federally-owned lands at Fort Ruger rather than to acquire

private lands for exchange for the Fort Ruger lands as provided by Acts 155 and 187.

An agreement on terms and conditions of a direct sale of the Fort Ruger land has been approved by the State and by the Secretary of the Army. The proceeds of the sale will be used for construction of military housing in Aliamanu Crater.

Your Committee finds that the only action now needed to conclude the transaction is authorization by the Legislature for the Department of Land and Natural Resources to use the funds appropriated by Act 155 and 187 for direct purchase of the Ruger land.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of **H. B. No. 2546-74** and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 196-74 Water, Land Use and Development on **H. R. No. 219**

The purpose of this resolution is to request the Department of Land and Natural Resources to conduct a feasibility and cost study for an irrigation system for taro growing in the Hanalei Valley of Kauai.

Your Committee finds that in the past the Department of Land and Natural Resources, through funds made available by the Legislature, has periodically maintained the irrigation facilities for the taro farmers in Hanalei Valley, Kauai. Loss of production of taro in the valley can be prevented by providing a reliable water supply. The proposed feasibility and cost study would place any future work for this irrigation system on a more systematic basis which may point the way to a permanent solution.

Your Committee on Water, Land Use and Development concurs with the intent and purpose of **H. R. No. 219** and recommends that it be referred to the Committee on Agriculture.

Signed by all members of the Committee.

SCRep. No. 197-74 Water, Land Use and Development on **H. R. No. 190**

The purpose of this resolution is to consider preservation of sites which would depict the life of plantation communities along the Hamakua Coast of Hawaii. The survey would be carried out as a joint responsibility of the Department of Land and Natural Resources and the County of Hawaii's Planning Department.

Your Committee finds that large scale plantation agriculture has been the central factor in Hawaii's economy, social structure, ethnic composition and land use in the last century and a half.

The communities, camps, mills and memories of the people whose life it was need to be recorded before they change or phase out under the present rapid transition of the industry.

Your Committee on Water, Land Use and Development concurs with the intent and purpose of H. R. No. 190 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 198-74 Water, Land Use and Development on H. R. No. 218

The purpose of this resolution is to request the Department of Land and Natural Resources to conduct a feasibility study on creating a park in the Pearl City area considering the twenty-two acre site across Pearl City High School, Tax Map Key 9-7-25. This will include a picnic area and hiking trails among park facilities.

Your Committee finds that though the needs referred to are primarily of county concern, the lands concerned are in state ownership. Also, there is a possibility of developing a trail head park, giving trail access to and possibly providing interpretation to the Waimano stream, valley and ridge. This is one of few trails leading to the Koolau summit over lands all in public ownership.

Because of county interests, the Department of Land and Natural Resources would coordinate this study with the City and County of Honolulu, Department of Recreation. The Department of Land and Natural Resources shall also submit a report of its findings and recommendations to the Legislature, twenty days prior to the convening of the Regular Session of 1975.

Your Committee on Water, Land Use and Development concurs with the intent and purpose of H. R. No. 218 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 199-74 Labor and Public Employment on H. B. No. 2618-74

The purpose of this bill is to clarify the definition of the term "valid claim" as it is used in the Unemployment Compensation Law.

Under Chapter 383, the beginning of a "benefit year" is dependent upon the filing of a "valid claim". In its administration of the law, the practice of the department of labor and industrial relations has been to rule a claim valid upon the filing of a claim and a determination that the claimant has earned sufficient wages in covered employment in his base period. Upon meeting the foregoing requirements, he is deemed to have filed a "valid claim" and his benefit year commences. Under this practice, benefit payments usually commence within a relatively short time after the filing of a claim.

The Hawaii Supreme Court has recently held that the term is ambiguous. In interpreting the term, it ruled a claim for benefits becomes a "valid claim" only after a claimant has met the foregoing earnings requirement as well as all of the other eligibility requirements under §383-29 and has also been held not to be disqualified for benefits under §383-30. In actual practice, this will require a positive ruling that a claimant is actually entitled to benefits before a "valid claim" can be deemed to be filed and a benefit year established. One of the effects of the decision will be to delay benefit payments. While the court's decision will benefit some claimants by entitling them to higher benefit amounts, most claimants will only suffer delays in the receipt of benefits and undue hardship.

The Department of Labor and Industrial Relations has also been advised by the U.S. Manpower Administration of its objections to the practice necessitated by the court's decision. The federal authorities deem the decision contrary to the policy of the unemployment insurance program to make prompt payments to unemployed claimants.

Your Committee agrees the law should be amended to remove the ambiguity which required the court's interpretation of the term "valid claim". It agrees that the department's past practice which fostered prompt payments of benefits should be validated by a clearer definition of the term involved.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H. B. No. 2618-74 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection.

Signed by all members of the Committee.

SCRep. No. 200-74 Water, Land Use and Development on H. B. No. 2277-74

The purpose of this bill is to amend present law relating to the management and disposition of public lands by redefining the term "land license", and by providing the additional power to the board of land and natural resources to set, charge and collect reasonable fees to cover the costs of inspection of activities under land licenses for commercial purposes in order to provide better control of such activities.

Your Committee found an inadvertent error in the drafting of this bill in that the amendment deleting the phrase "or to the removal of sand on Oahu" from the definition of "land license" was incorrect since the phrase had previously been deleted. Accordingly, your Committee recommends amendment of this bill.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of H. B. No. 2277-74, as amended herein, and recommends that it pass Second Reading in

the form attached hereto as **H. B. No. 2277-74, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 201-74 Tourism on H. R. No. 168

The purpose of this resolution is to request the House Committee on Tourism to conduct a hearing to determine what measures may be taken to lift the ban forbidding tour buses from parking around the grounds of Iolani Palace.

It is recognized by your Committee that parking is prohibited when the legislature is in session. However, at a public hearing on this resolution, your Committee received testimony in favor of the development of some workable solution whereby tour buses would be allowed to visit the palace grounds.

Mr. Edmund Alo of the Hawaii Sightseeing Association stated that his organization has attempted to solve some of these problems, but that there is not enough coordination between the various agencies within the tourist industry. Representative Jean King also suggested that more dialogue was needed between the industry and the State and County agencies.

Your Committee recommends that meetings be held between the appropriate agency personnel from the tourist industry, the State of Hawaii, and the City and County of Honolulu to discuss the immediate parking problems and to develop a schedule whereby tour buses would be able to visit the Iolani Palace grounds without causing the grounds to become overcrowded with buses and the resulting traffic congestion. This schedule should also facilitate a comfortable flow of visitors in the area. It is recommended that these meetings be conducted by Representative Oliver Lunasco.

It is further recommended by your Committee that this schedule, once developed, be put into effect for a trial period of six months.

Your Committee on Tourism concurs with the intent and purpose of **H. R. No. 168** and recommends its adoption.

Signed by all members of the Committee.

SCRep. No. 202-74 Legislative Management

Informing the House that **House Resolution Nos. 336 to 342, House Concurrent Resolution No. 53 and Standing Committee Report Nos. 203-74 to 207-74**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 203-74 Labor and Public Employment on H. B. No. 1002

The purpose of this bill is to amend Chapter 347 which covers sheltered workshops for the blind and other handicapped persons to:

1. Make wages payable to persons working in sheltered workshops subject to the minimum wages under the Hawaii Wage and Hour Law;

2. Make persons employed in the workshops eligible to receive unemployment compensation benefits; and

3. Permit persons employed in the workshops to join an appropriate collective bargaining unit under Chapter 89 and bargain collectively with the Department of Social Services.

A sheltered workshop is a facility which provides work experience in a sheltered or protective setting for handicapped persons who are not employable in an open and competitive labor market. Chapter 347 now permits the Department of Social Services to aid blind and visually handicapped persons and others to become self-supporting by employing them in workshops at such compensation as the department determines their services warrant and by furnishing them with materials and other help and facilities.

The proposals of **H. B. No. 1002, H. D. 1**, would further aid persons employed in sheltered workshops and are worthy of consideration. At the hearing on the bill, however, a number of considerations against the passage of the bill, including financial considerations, were raised by the Department of Social Services. Your Committee agrees in principle with the bill but is of the opinion that further consideration should be given to the objections raised by the Department of Social Services by the Committee on Finance.

Your Committee has also corrected the incorrect reference to the minimum wage section of the Wage and Hour Law in section 1 of the bill. The minimum wage section is section 387-2, rather than 387-4 as stated in the original draft of the bill.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of **H. B. No. 1002, H. D. 1** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 204-74 Consumer Protection on H. B. No. 2508-74

The purpose of this bill is to amend chapter 410, Hawaii Revised Statutes, relating to State chartered credit unions. The amendments are as follows:

1. Section 410-6. Provides that a separate division "may be established" instead of "shall be established" with the Department of Regulatory agencies.

2. Section 410-9. Changes the filing fee for credit unions with assets over \$2,000,000 and not over \$5,000,000 from \$275 to \$375.

3. Section 410-12. Deletes unnecessary words to ensure that the first person named in multiple

accounts shall be a credit union member.

4. Section 410-36. Amends section so it will refer back to a proper section.

The amendments are technical in nature, and your Committee endorses the changes proposed.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 2508-74**, 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. 205-74 Finance on H. B. No. 3094-74

The purpose of this bill is to appropriate moneys out of the general revenues of the State to reimburse persons, firms and corporations pursuant to chapter 662 and section 37-77, Hawaii Revised Statutes.

Your Committee has included in this bill the names of those persons, firms and corporations submitted for consideration for overpayment of taxes or claims against the State.

Your Committee has amended this bill to include seven additional claims under the heading MISCELLANEOUS CLAIMS.

The total amount in payments to be appropriated is \$170,657.71.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 3094-74**, as amended herein, and recommends that it pass second reading in the form attached hereto as **H. B. No. 3094-74, H. D. 1**, and be placed on the calendar for third reading.

Signed by all members of the Committee.

SCRep. No. 206-74 Judiciary and Corrections on H. B. No. 2393-74

The purpose of this bill is to propose an amendment to Article IV, section 1, of the Constitution of the State of Hawaii, by providing that no person may be elected to the office of governor for more than two terms.

Your Committee feels that the proposed amendment is desirable as it will tend to insure an infusion of new people and new ideas into the State administrative branch at least every eight years. In making this determination, your Committee is mindful of the fact that it may be desirable that an exceptional person be permitted to serve more than two terms and, therefore, the bill has been amended to prohibit more than two consecutive terms, rather than a flat limitation to two terms. Under the proposal, as amended, a person could serve two consecutive terms and after a four year hiatus could again run for and be elected to the office of governor.

Your Committee on Judiciary and Corrections is in accord with the intent and purpose of **H. B. No. 2393-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. 2393-74, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 207-74 Agriculture on H. B. No. 2787-74

The purpose of this bill is to improve the organization and coordination of agriculture programs and programs related to agriculture in Hawaii.

Your Committee finds that there is a need to improve the organization and coordination of agriculture and agriculture-related programs in Hawaii by establishing by statute the position of Assistant to the Governor for Agriculture and by specifying his responsibility, duties, and authority.

Your Committee has made the following amendments to the bill: (a) a section on findings and declaration of necessity has been included; (b) a section on powers and duties of the Assistant to the Governor for Agriculture has been included; and (c) a section on appropriations has been included.

Your Committee on Agriculture is in accord with the intent and purpose of **H. B. No. 2787-74**, as amended herein, and recommends that it pass second reading in the form attached hereto as **H. B. No. 2787-74, H. D. 1**, and be recommended to the Committee on Agriculture.

Signed by all members of the Committee except Representative Kawakami.

SCRep. No. 208-74 Legislative Management

Informing the House that **House Resolution Nos. 343 to 350, House Concurrent Resolution No. 54 and Standing Committee Report Nos. 209-74 to 214-74**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 209-74 (Majority) Labor and Public Employment on H. B. No. 439

The purpose of this bill is to provide that the chief clerks of the legislature shall be provided the same retirement benefits as that for judges and elected officers which would be a 3.5% of average final compensation for each year of credited service as an officer of the legislature.

Existing law provides that officers of the legislature are general employees and are entitled to retirement benefits under the regular formula of 2% of average final compensation.

Your Committee on Labor and Public Employ-

ment is in accord with the intent and purpose of H. B. No. 439, as amended herein, and recommends that it be referred to the Committee on Legislative Management in the form attached hereto as H. B. No. 439, H. D. 1.

Signed by all members of the Committee.

Representatives Poeopoe, Wakatsuki and Wong did not concur.

SCRep. No. 210-74 Labor and Public Employment on H. B. No. 2617-74

The purpose of this bill is to amend several provisions of the Unemployment Compensation Law to insure the solvency of the state fund from which benefit payments are made, the Unemployment Compensation Trust Fund.

The specific proposals are:

(a) To raise the two so-called "trigger" levels at which additional employer contributions to the fund are required; and

(2) To make employer contribution rates adjustable on a quarterly, as well as on an annual basis.

Unemployment compensation benefits are paid to claimants from a trust fund to which all employers covered the law are required to make contributions as determined under §383-66 and §383-68. The tax rates thereunder are flexible and an employer's liability during the year is normally dependent upon the balance remaining in the trust fund at the end of the preceding calendar year and the balance credited to his own reserve in the fund at the end of the preceding calendar year. The status of the trust fund as a whole reflects the state's experience with unemployment and the status of an individual employer's reserve account therein reflects his own experience with unemployment. Annual adjustments in tax rates are made in accordance with §383-66 and §383-68 so the trust fund can be replenished through increased contributions after a year of high benefit payments. The foregoing sections also provide for the downward adjustment of a contribution rates when the year-end balance in the trust fund is above a level considered adequate to meet anticipated benefit payments. In essence, the provisions of §383-66 and §383-68 are designed to insure adequate funding for benefit purposes but to prevent an excessive accumulation of money at the expense of Hawaii's employers.

§383-68 contains three contribution schedules with graduated rates. The schedule with the lowest contribution rates is applicable during a year if the fund balance at the end of the preceding calendar year exceeded 1-1/2 times what is considered an adequate reserve; the next schedule with slightly higher rates is applicable if the fund is at the adequacy level but below 1-1/2 times that level; the schedule with

the highest rates is applicable if the fund is below the adequacy level but has a balance of more than \$15,000,000. If the fund balance is further reduced to the \$15,000,000 level, the first of the two "triggers" becomes operative and all employers are required to pay .5% more than they paid in the preceding year, with a limit of 3%. When the fund balance is reduced to \$13,000,000 or less, the second "trigger" becomes operative and all employers will be required to pay taxes at a flat 3% rate, with no graduated rates based upon individual employer experiences.

The bill proposes to amend the law to provide higher "trigger points" to require the earlier payment of additional contributions. It proposes to make the additional .5% contributions effective when the fund is reduced to \$20,000,000, rather than \$15,000,000, and to make the flat 3% contribution rate effective for all employers when the fund is reduced to \$15,000,000, rather than \$13,000,000. It also proposes to permit the quarterly adjustment of contributions to allow earlier replenishment of the fund when necessary.

Your Committee has been informed by the director of labor and industrial relations that the unfavorable unemployment experience over the past three years has reduced the fund from \$44,000,000 to \$25,000,000 at the end of last year. The department's forecasts also indicate the fund will probably be further reduced to \$10,000,000 at the end of this year. The director therefore strongly urges the adoption of the proposals in this bill.

Your Committee agrees the solvency of the trust fund is in jeopardy, measures to insure its solvency are necessary, and the proposals of the department of labor and industrial relations embodied in this bill should be adopted.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H. B. No. 2617-74 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 211-74 Labor and Public Employment on H. B. No. 2635-74

The purpose of this bill is to make several technical amendments to the Unemployment Compensation Law.

The specific proposals are:

(1) To clarify language in §383-7(4) (B) by inserting the phrase "of a day" in the provision relating to service performed on fishing vessels.

(2) To amend the phrase "employment unit" in §383-3(17) to read "employing unit".

(3) To amend the definition of "additional

benefits" in §383-168(9) to make it conform to the definition of the term in the Federal law.

§383-7 enumerates employments which are not covered under Chapter 383. Under §383-7 (4) (13) services performed on fishing vessels is excluded unless it is performed for "an employing unit which had in its employ one or more individuals performing the service for some portion in each of twenty calendar weeks, whether consecutive or not, in either the current or the preceding calendar year." The phrase "some portion in each of twenty calendar weeks" is ambiguous and the insertion of the words "of a day" after "portion" would serve to clarify the language and to more fully express its intent.

The term "employment unit" is used in §383-3 (17) to describe an employer. The term generally used in the chapter to describe employers is "employing unit" and this bill proposes to also use the more generally accepted and clearer term of "employing unit" in §383-3(17).

The present definition of "additional benefits" in §383-168(9) refers only to benefits payable under Chapter 385, the Additional Unemployment Compensation Law, which can only become operative in a limited situation when high unemployment is caused by disasters. As additional unemployment benefits are also payable under other programs, the definition of the term should be expanded to include all "additional benefits" payable to claimants. The proposal would also conform the definition to that used in the Federal law.

Your Committee has amended Section 1 of the bill by supplying the required underlining for the added words "of a day" which appears to have been inadvertently omitted.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H. B. No. 2635-74, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H. B. No. 2635-74, H. D. 1, and be referred to the Committee on Consumer Protection.

Signed by all members of the Committee.

SCRep. No. 212-74 Water, Land Use and Development on H. B. No. 2253-74

The purpose of this bill is to amend present law relating to conditions of loans made under the Hawaiian Homes Commission Act, 1920, as amended, by restating for clarification purposes, the maximum loan limits allowable for different loan purposes.

The bill further provides that unpaid principal balances of loans made directly from the Hawaiian home loan fund are to bear interest at the rate of 2-1/2% a year while other loans are to bear interest at the rate established by the State. Your Committee heard testimony that the

present law could be interpreted to mean that the Department can only make or guarantee loans at the interest rate of 2-1/2% a year. Since 1970, the Department has borrowed monies from the State Retirement System and the Hawaii Housing Authority to make home loan monies available to qualified native Hawaiians at the same rate of interest charged the State. This was made possible under Hawaiian Homes Commission Act, Section 213 (b) (5). The amendment is necessary to clarify the statutory language to show that only loans made directly from the Hawaiian home loan fund are limited by the 2-1/2% interest rate.

The bill further clarifies present law by correcting an error in use of the phrase "cancellation of lease by the lessee."

Your Committee on Water, Land Use, and Development is in accord with the intent and purpose of H. B. No. 2253-74 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 213-74 Water, Land Use, and Development on H. B. No. 2655-74

The purpose of this bill is to establish Kalalau Valley as a wilderness type park and states that archaeological research must precede any park development. A wilderness park would permit the State to select the means of access to the area, to control the flow of public entering the park, and to guard the usage of Kalalau and Na Pali while enabling the public to appreciate its scenic beauty. Kalalau contains extensive Hawaiian archaeological remains as it is spectacular and remote.

Your Committee upon consideration of this bill, recommends along with the specification of the Department of Land and Natural Resources that a sum of \$100,000 be appropriated out of the general revenues of the State of Hawaii to conduct archaeological research before establishing a wilderness park in the area.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of H. B. No. 2655-74 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 214-74 Water, Land Use, and Development on H. B. No. 2709-74

The purpose of this bill is to appropriate \$100,000 (\$50,000 per year for two years) to be expended by the Department of Land and Natural Resources to accelerate the ohia decline study (an unknown disease) which is affecting more than 200,000 acres of ohia forest in the Hilo and Upper Waiakea watershed on the island of Hawaii.

Your Committee was informed that unless the cause of the ohia decline is found soon, it would have a serious effect on 711,000 acres of ohia and koa forest on the island of Hawaii. Resource values such as watershed cover, timber, wild-life habitat, forage, recreation and water quantity and quality could be affected. The ohia and the koa having been an important part of our heritage as well as our wildlife.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of **H. B. No. 2709-74** and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 215-74 Legislative Management

Informing the House that **House Resolution Nos. 351 to 360, House Concurrent Resolution Nos. 55 and 56, Special Committee Report No. 5, and Standing Committee Report Nos. 216-74 to 225-74**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 216-74 Labor and Public Employment on H. B. No. 2657-74

The purpose of this bill is to permit the transfer of laundry positions and employees among the several State operated hospitals on Oahu.

Your Committee held a public hearing on a comparable bill, **H. B. No. 2258-74**, and heard testimony thereon. Your Committee is of the opinion that the goals of greater efficiency and economy would be better served by **H. B. No. 2657-74**.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of **H. B. No. 2657-74** and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Fong who was excused.

SCRep. No. 217-74 Water, Land Use, and Development on H. B. No. 104

The purpose of this bill is to guarantee the right of public access to the shorelines and the sea and transit along the shorelines, and to provide funding for the acquisition of land for public rights-of-way and public transit corridors.

Your Committee finds that public access to the shorelines is restricted on all islands of the State. As explained by Mr. Frank B. Skrivane, State Planning Coordinator, urban development, especially tourism development, is having a limiting effect on accessibility to the shorelines. Many beaches in the Islands have been appro-

priated by hotels, and although all are public property up to a legally defined high-water mark, public access through hotel grounds often is denied. In many cases, this effectively bars the general public from the beaches and results in Hawaii's people being deprived of what visitors may use.

Safe public transit along the shorelines also is restricted. Often this restriction results from a combination of topography itself — cliffs and the like which prohibit safe transit along the shoreline — and private property extending to the cliffs with no provisions for a transit corridor for the public.

Your Committee thinks the bill should be amended to assure compensation to private property owners when land is taken for the public transit corridors.

Your Committee recognizes that the counties have tried to assure access to the shorelines but thinks a greater joint effort of both State and county is required.

Your Committee upon consideration of this bill concurs with the following amendments in **H. B. 104, H. D. 1:**

1. Sections, 1, 2 and 5 of the bill relating to public rights-of-way be amended to include public transit corridors.

2. Section 2 of the bill relating to the appropriation from the general revenues of the State of Hawaii be amended to add the provision that unexpended funds under this Act shall not lapse; and the amount of \$1,000,000 be inserted in the blank space for the appropriation amount.

3. Section 5 of the bill relating to the public transit area be amended to provide that in areas where safe public transit does not exist along the shorelines, the counties by condemnation shall establish along the makai boundaries of the property lines, public transit corridors which shall not be less than six feet wide.

4. Section 6 of the bill relating to the effective date of the Act shall be renumbered to become Section 9.

5. A new section, to be numbered Section 6, Procedure, be added to provide that the provisions of this Act shall be executed under provisions of Chapter 101, Hawaii Revised Statutes.

6. Another new section, to be number Section 7, State and county co-sponsorship of programs, be added to provide that the Department of Land and Natural Resources shall enter into agreements with the counties for the co-sponsorship of the projects specified in this Act, providing that the county shall match the funds provided by the State, and that the development and maintenance of the projects shall be the responsibility of the county.

7. Another new section, to be numbered Section 8, Expending agency, be added to provide that the sum appropriated in this measure shall be expended by the Department of Land and Natural Resources.

Your Committee on Water, Land Use, and Development is in accord with the intent and purpose of **H. B. No. 104, H. D. 1** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 218-74 Water, Land Use, and Development on **H. B. No. 2747-74**

The purpose of this bill as amended, is to amend Act 83, Session Laws of Hawaii 1973, to appropriate additional funds to the Governor to be expended for feasibility studies and the planning and development of Molokai.

The bill also recognizes the need for individuals associated with Molokai to become involved with its comprehensive planning as an investment for the future.

Your Committee upon consideration of this bill recommends that the lapse date as proposed in the bill be amended from June 30, 1979 to June 30, 1975 in order to make the Task Force accountable to the Legislature annually.

Your Committee on Water, Land Use, and Development is in accord with the intent and purpose of **H. B. No. 2747-74**, as amended herein and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2747-74, H. D. 1**, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 219-74 (Majority) Transportation on **H. C. R. No. 23**

The purpose of this Concurrent Resolution is to request the involved State and County Agencies to take immediate steps to expedite the construction of the Interstate TH-3 which has been mistakenly referred to as "T-H3."

Your Committee has conducted hearings and has heard presentations by the public and both the City and the State officials regarding the merits of the TH-3 and the mass transit concept for the Leeward area. It should be noted at this point that the proposal for the fixed guideway transit is still in the preliminary evaluation stage as the different modes of rapid transit are still being analyzed.

As a result of the hearings, it is the determination of this Committee, that although there exists a need for rapid transit in the Leeward area, there also exists a need to provide a rapid transit corridor to the Windward area to provide viability in planning the growth and providing the services for Windward Oahu. Inasmuch as

the Deputy Director of the Department of Transportation Services for the City has indicated that a fixed rapid transit system through Moanalua Valley to the Windward area may eventually be the solution to relieving the congestion on the existing routes to Windward area, it is felt by the Committee that the TH-3 project is the best solution as it will provide the flexibility in moving not only people, but also goods, supplies and other heavy construction material which would not be readily feasible nor practical on a fixed guideway system, and that optimum use of available Federal funds would be to construct the TH-3 project as planned.

Your Committee also feels that to divert the Federal funds available for the TH-3 project would mean that 90-10 funding will no longer be available, as the TH-3 project is the last segment being funded on such a basis. The State's share based on the estimated cost of \$250 million for the TH-3 project would amount to approximately \$25 million. On the other hand, there is no assurance that the entire amount of \$250 million may be diverted to the rapid transit system for the Leeward area for the reason that the Federal Highway Act of 1973 allows for the diversion of Federal funds from the Interstate Highway based on the 1972 estimate which at that time was indicated to be approximately \$150 million. Under the 80 per cent funding concept for mass transit it would mean that only \$120 million instead of \$200 million (80 per cent of \$250 million) could be diverted toward the rapid transit and that the balance of the estimated cost of \$500 to \$700 million for the rapid transit would have to be based on the availability of the general funds of the United States Government, in which case, Hawaii might not have the highest priority, compared with other cities. In any event, the State's share of 20 per cent of the total cost of the mass transit system would amount to about \$140 million as compared to the \$25 million estimated for the TH-3 project.

Your Committee has also considered the fact that the Interstate Highway program is scheduled to be completed by 1980 or shortly thereafter, and that it would therefore appear likely that the Federal Highway Trust funds would then be available for the development of mass transit systems throughout the nation. The Federal Administration has also submitted to Congress this year a new Unified Transportation Assistance Program (UTAP) to provide approximately \$16 billion over the next six years for metropolitan areas.

Your Committee has considered the various presentations made relating to the necessity to reduce the construction of highways in general and the need to consider the implementation of mass transit concepts. The responses from the public in Kalihi, Kaneohe and Kailua favor the construction of the proposed TH-3 combined transit-highway project over any other mode of transit to the Windward area. Inasmuch as the TH-3 will be the last segment of the Interstate System in Hawaii in the deletion of this segment does

not appear to be wise nor in the best interest of the State.

Your Committee also recognizes the environmental and social impact of TH-3 as brought out in the hearings, but considers these factors not quite as important as the visual, audio and air pollution which would be created by 700 additional peak hour vehicles in the Nuuanu and Kalihi residential areas and by the impact of constructing a reversible busway and new tunnel bore in either of these valleys.

The *Business Week* issue of February 16, 1974 also indicated the following:

1. Higher gasoline prices by themselves are unlikely to spur many drivers to switch to mass transit and the automobile will continue to play a dominant role in American society due to the dispersion of residences, shopping centers, jobs, etc.

2. The construction of new rail systems and the movement toward free or reduced fares may be of dubious economic wisdom in terms of costs and benefits secured and the stress should therefore be on more extensive bus systems.

3. The New York City subway system reflected a deficit of approximately \$75 million for the year 1972. Chicago's commuter railroads show an annual deficit of about \$6 million. Despite the success of the train system in Canada, the train system in the City of Toronto reflects losses of about \$2 million a year.

4. One reason for cities' "love affair" with rail systems is that it will "soak up" a lot more Federal funds than adding new busses but that this should not be the over-riding factor.

Your Committee therefore feels that it is imperative that we complete the construction of the TH-3 project.

Your Committee has also amended the eighth "WHEREAS" clause to clearly indicate that despite the pending disagreement in priorities between the City and State, the Federal funds available for the TH-3 project will not be lost unless the State fails to notify the Secretary of Transportation by June 1, 1974 that it intends to complete such segment of the Interstate System. Additional "WHEREAS" clauses have also been inserted to indicate that by July 1, 1975, the State must submit a schedule of completion and assurance that such schedule will be met and that therefore any disagreement between the State and the City may jeopardize that assurance.

Your Committee on Transportation concurs with the intent and purpose of H. C. R. No. 23, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H. C. R. No. 23, H. D. 1.

Signed by all members of the Committee ex-

cept Representative Leopold who did not concur.

SCRep. No. 220-74 Finance on H. B. No. 2049-74

The purpose of this bill is to expand the Manpower Development and Training Program by including more public agencies and by authorizing contracts with private industry for the training and job placement of unemployed persons.

Section 394-3, Hawaii Revised Statutes, presently permits the department of labor and industrial relations to contract with the department of education and the University of Hawaii for the training of unemployed persons.

This bill proposes to also allow such contracts with other public agencies. It further proposes to expand the program by authorizing contracts with private industry for the training and job placement of unemployed persons, in which event the contracting employer is made responsible for paying compensation at the minimum wage level and the State may choose to pay the difference between the minimum wage and the prevailing wage.

Your Committee on Finance is in accord with the intent and purpose of H. B. No. 2049-74, H. D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. No. 221-74 Finance on H. B. No. 2858-74

The purpose of this bill is to authorize certification of a portion of total funds required for public contracts under certain circumstances by amending section 103-39, Hawaii Revised Statutes.

Presently the state comptroller or the director of finance of a county certifies as to the availability of funds sufficient to carry out the entire scope and purpose of a contract prior to its execution. The only provision for partial contract certification relates to portions of contracts to be paid from federal funds when received.

In contracts not involving federal funds, partial certification is also desirable. This bill therefore proposes to allow such partial certification for:

(1) Contracts for goods and services for which an extended period of time for the performance of the contract will provide significantly more favorable contract terms and conditions;

(2) Contracts where a present call for tenders will assure significantly more favorable contract terms and conditions than a call for tenders at a subsequent date; and

(3) Contracts where time to perform services must be extended beyond the normal contractual period in order to lessen the approporiated pay-

ments and to attract bidders who otherwise could not compete.

Partial certification will be permitted only when the state or county director of finance concurs in writing with the head of the requesting agency that revenues are sufficient or that there exists substantial assurance that the requisite funds will be available when due. In all such cases the contract and the certificate shall state that availability of funds is contingent thus protecting the contractor by such disclosure.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 2858-74** 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. 222-74 Finance on H. B. No. 2840-74

The purpose of this bill is to permit the imprinting of uniform security identification numbers on State, County and University bonds to facilitate the processing and recording of the bonds.

The Committee for Uniform Security Identification Procedures, otherwise known as CUSIP, provides a common numbering system for the identification of securities. The Committee was formed by what is now the Securities Industry Association and its work is supported by the banking and securities industry. The CUSIP system is designed to permanently identify specific security issuers and their issues. The State of Hawaii and the counties in the State have not imprinted CUSIP identification numbers on bonds issued by the State or the county, partially because of the lack of clear authority to do so and partially because of uncertainty as to the issuer's liability in the event of an error in the printing or use of such numbers. The purpose of this bill is to permit the State and counties to imprint CUSIP numbers while at the same time protecting the particular issuer from liability.

The increase in the volume of securities transactions makes such a uniform system almost a necessity. The CUSIP system will reduce the number of errors and speed up the handling of these transactions.

The proposed bill does not require imprinting of CUSIP numbers, but makes such imprinting optional. It also permits, but does not require, the cost of obtaining and imprinting such numbers to be borne by the purchaser of the particular issues of bonds.

Your Committee has amended this bill to make technical changes for reasons of clarification as follows:

1. The term "Securities Industry Association" is substituted for the term "American Bankers Association."

2. The word "chapter" is changed to "section" in section 1.

3. The last sentence of section 1 is added at the end of section 2, i.e., the identical sentence appears at the end of both sections.

4. The term "municipality" is substituted for the term "county" in section 4 for consistency of usage in chapter 49, Hawaii Revised Statutes. (As defined in section 49-1, "municipality" includes the city and county of Honolulu and the other counties of the State).

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 2840-74**, as amended herein, and recommends that it pass second reading in the form attached hereto as **H. B. No. 2840-74, H. D. 1**, and be placed on the calendar for third reading.

Signed by all members of the Committee.

SCRep. No. 223-74 Labor and Public Employment on H. B. No. 2416-74

The purpose of this bill is to amend the definition of "employee" in the Wage and Hour Law to exclude individuals receiving guaranteed compensation of \$800 or more a month from coverage thereunder.

Section 387-1, the definition section of the Wage and Hour Law, excludes any individual who is employed "at a guaranteed compensation totalling \$700 or more a month, whether paid weekly, biweekly, or monthly". The primary effect of this exclusion from coverage is that employees receiving monthly salaries of \$700 or more can be compelled to work beyond 40 hours in a workweek without being paid overtime compensation.

This bill proposes to raise the exemption level from \$700 to \$800 a month in guaranteed compensation and thereby extend the protection of the law to more employees. Your Committee agrees the present exemption level of \$700 a month is too low and should be raised to \$800 as proposed.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of **H. B. No. 2416-74** 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 Fong who was excused.

SCRep. No. 224-74 Tourism on H. B. No. 2198-74

The purpose of this bill is to amend the existing laws governing the terms and conditions of the contract entered into with the Hawaii Visitors Bureau by allowing persons connected with the State to serve as members of the Hawaii Visitors Bureau executive board or committee.

Under the existing law, no employee or officer of the State or its political subdivision nor any member of a county advisory committee created under section 203-3 shall serve as a member of the Hawaii Visitors Bureau executive board or committee.

Testimony received by your Committee was in favor of the amendment. Both the Hawaii Visitors Bureau and the Department of Planning and Economic Development voiced concern over the fact the the Bureau has not been able to avail itself of the services of many talented individuals, because these individuals have been government-connected. It is believed that no useful purpose is served by excluding these persons. However, according to the Ethics Commission regulations, it would be in direct conflict of interest for anyone from the Department of Planning and Economic Development to serve on the Hawaii Visitors Bureau executive board or committee.

Your Committee has therefore amended **H. B. No. 2198-74** to restrict anyone from the Department of Planning and Economic Development from membership on the Hawaii Visitors Bureau executive board or committee.

Your Committee on Tourism is in accord with the intent and purpose of **H. B. No. 2198-74**, 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 **H. B. No. 2198-74, H. D. 1**.

Signed by all members of the Committee except Representative Hapai, who was excused.

SCRep. No. 225-74 Water, Land Use and Development on H. B. No. 2471-74

The purpose of this bill is to amend the existing Land Fire Protection Law in order to bring the law up-to-date with present practices and to provide for better fire prevention. Important changes provided for are: (1) The inclusion of private lands within forest reserves under the responsibility of the Department of Land and Natural Resources. (2) Allowing designation of specific areas as closed fire areas where burning is prohibited during fire danger periods. (3) Limiting burning and also the discarding of burning materials. (4) Limiting the landowners' responsibility for fires started on his land by the general public. (5) Providing authority to enter into mutual aid agreements with the county and federal governments for assistance for prevention, control and extinguishment of fires on forest, pasture, and bursh lands not within forest reserves. (6) Clarifying the authority and responsibility of the State Forester, Chief Fire Wardens and District Fire Wardens. (7) Permitting closure of forest areas to reduce fire risk during critical weather.

Your Committee upon consideration of this bill recommends that it be amended to provide

that forest reserves may be closed to public access during dry periods when necessary to reduce fire risk, but also provide that it shall be lawful for those regularly engaged in harvesting, processing or moving essential farm or forest products to enter the closed area for essential residential or commercial purposes.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of **H. B. No. 2471-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2471-74, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 226-74 Legislative Management

Informing the House that **House Resolution Nos. 361 to 372, House Concurrent Resolution No. 57, Standing Com. Report Nos. 227-74 to 236-74, Floor Amendments to House Bills Nos. 639, H. D. 2, 2362, H. D. 2, 2466, H. D. 2, and House Concurrent Resolution No. 23, H. D. 2**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 227-74 Labor and Public Employment on H. B. No. 497

The purpose of this bill is to give public employees the right to purchase prior military service in the State Retirement System irrespective of whether the employee had been an employee of the State or County or irrespective of whether the employee had been a citizen of the State of Hawaii prior to his induction into the Armed Forces.

This type of bill has in the past been opposed to because it would open the door to retired service personnel who, after twenty or thirty years of service in the Armed Forces and who have retired, to enter the State and County and further enhance their retirement by buying the twenty or thirty years of military service at the expense of the State.

This bill, however, would provide limits to the purchase of military credit in the Retirement System. It would provide that any employee of the State or County who has had prior military service before entering the service of the State or County may purchase two years prior military credit in the Retirement System after he has served for fifteen years in the State or County. After twenty years of service in the State or County, he may purchase up to three years. After twenty-five years of employment with the State or County, he may purchase up to four years. Your Committee has been advised that Hawaii is the only State which has not given recognition to its veterans in the form of bonuses.

Your Committee upon consideration of this

bill recommends that the effective date be amended from July 1, 1973 to July 1, 1974. Your Committee has also amended a typographical error in Section 4.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of **H. B. No. 497**, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as **H. B. No. 497, H. D. 1**.

Signed by all members of the Committee, except Representative Fong who was excused.

SCRep. No. 228-74 Water, Land Use and Development on S. B. No. 1559-74

The purpose of this bill is to amend present law to change the hours during which instruments may be received for registration in the office of the assistant registrar and recordation in the bureau of conveyances, in order to provide the bureau with sufficient time to complete daily registrations without requiring employees to work overtime.

Your Committee has amended the reference in Section 1 as reads section "503-32" to read section "502-32" to correct an apparent typographical error.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of **S. B. No. 1559-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. No. 1559-74, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 229-74 Consumer Protection on H. B. No. 2943-74

The purpose of this bill is to raise the salary of the director of the office of consumer protection from \$25,000 to \$27,500 per year which is made retroactive to February 1, 1973.

The salary of the director is set by law and the present salary was fixed in 1969 when the office was established. Whereas most public employees' salary increases are subject to collective bargaining, the director's salary must be specifically adjusted by legislation. Your Committee is aware of the increased workload and responsibility of the director since the office was created, and feels that the bill's proposals are justified.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 2943-74** and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 230-74 Consumer Protection on

H. B. No. 2942-74

The purpose of this bill is to appropriate the sum of \$5,000 for salary increases for members of the professional staff of the office of consumer protection.

Under the law the professional staff are not civil service employees and they are not subject to the compensation provisions of Chapter 77 of the Hawaii Revised Statutes. The intent of this bill is to enable the consumer protector to retain and hire competent attorneys in competition with the private sector. Your Committee believes that the appropriation is reasonable and that it will contribute to the effectiveness of the office.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 2942-74** and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 231-74 Consumer Protection on H. B. No. 2607-74

The purpose of this bill is to make an appropriation for the hiring of five additional investigators and two additional stenographers for the office of consumer protection.

Your Committee finds the present staffing inadequate for the office of consumer protection to effectively administer the duties and functions mandated by law. With additional staff, the office will be better able to protect consumers, conduct studies on matters affecting consumers, and recommend meaningful proposals to the legislature.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 2607-74** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 232-74 Consumer Protection on H. B. No. 1159

The purpose of this bill is to amend the Workmen's Compensation Law so the weekly benefits of long term beneficiaries will be adjusted upwards whenever the maximum weekly benefit is changed.

The proposed amendment will ease the economic plight of beneficiaries where benefits were fixed at a lower level. The additional benefits will be paid by the special compensation fund which is funded by assessments levied against public and private employers.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 1159, H. D. 1**, and recommends that it be

referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 233-74 Consumer Protection on H. B. No. 63

The purpose of this bill is to prohibit a licensed mortgage broker from (1) negotiating or selling mortgage loans to individuals when the installments of the mortgage loans are not amortized over the terms of the loans, and (2) acting as a mortgage broker when he has a direct or indirect interest in the transaction.

Under Chapter 484, relating to mortgage brokers, banks, savings and loans and other financial institutions, as well as real estate brokers and other professions, who deal in mortgages and are regulated by other chapters of Hawaii Revised Statutes are not required to be licensed as mortgage brokers. The bill, therefore, relates only to licensed mortgage brokers. As drafted, the bill prohibits the sale of mortgages only to individuals or the consuming public and is designed to discourage conflict of interest when the broker has an interest in the transaction.

The Department of Regulatory Agencies endorsed the bill. Your Committee upon consideration has amended the bill by substituting the words "real estate which secures the mortgage loan" for the word "transaction". A mortgage broker will have an interest in all transactions permitted under the law because he would be entitled to a fee for arranging such transactions. As amended, the bill will prohibit transactions relating to real property owned by the mortgage broker. Your Committee has also deleted the provision which prohibits a mortgage broker from selling mortgage loans to individuals unless the loan is amortized because such a limitation is unreasonable.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 63**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 63, H. D. 1**, and that it be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 234-74 Water, Land Use and Development on H. B. No. 2065-74

The purpose of this bill is to strengthen and extend the present erosion and sediment control activities and programs of the State of Hawaii; to conserve and protect the land, water, and other resources of the State; to encourage all counties to enact ordinances for soil erosion and sediment control; and to require all State agencies to conform to the soil erosion and sediment control ordinances adopted by the various counties.

The bill provides that the county governments are required to enact ordinances for the purpose of controlling soil erosion and sediment, and that the

Department of Health is required to promulgate rules and regulations to be effective within those counties not having soil erosion and sediment control ordinances one year from the date of this bill. The Board of Health is mandated to promulgate such rules and regulations within 180 days after the one-year period given to the counties.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of **H. B. No. 2065-74, H. D. 1**, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. No. 235-74 Water, Land Use and Development on H. B. No. 2276-74

The purpose of this bill, as amended herein, is to amend present law relating to shoreline setbacks by redefining the area in which the removal of sand, coral, rocks, soil or other beach compositions is prohibited. This area is defined as "the shoreline area or within 1,000 feet seaward of the shoreline where the ocean water is 30 feet or less in depth." The bill provides an additional prohibition that none of the above materials can be taken for any purpose whatsoever, from that part of the City and County of Honolulu which lies within the shoreline area and 1,000 feet seaward of the shoreline from Makapuu Point and running southwesterly, westerly, then northwesterly to Moanalua Stream. The bill also defines reasonable domestic use.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of **H. B. No. 2276-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2276-74, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 236-74 (Majority) Labor and Public Employment on H. B. No. 3096-74

The purpose of this bill is to create an Institute for Management and Analysis in Government, within the Department of Budget and Finance, in order to provide training in modern methods of analyzing, evaluating, and managing public programs; and to assist public agencies in various related ways.

If the intent of Act 185/70, the Executive Budget Act, is to be fully met, it will require the State to offer on a continuing basis a vigorous and innovative program of managerial and analytic training. Such training is absolutely crucial to realizing the payoffs inherent in the statewide PPB system. Because the Department of Budget and Finance has responsibility for operating the statewide PPB system, as well as developing and implementing it, it is highly desirable that Budget and Finance supervise the work of the institute.

Your Committee has amended the bill in the following respects:

- The Institute is designated the Hawaii Institute for Management and Analysis in Government (Section 2 and Section 7).
- Statements in Section 3 and Section 5 have been amended to stress that the training program and facilities provided under this bill will be available to personnel of all three branches of government and all levels of government in the State of Hawaii.
- Reference to the establishment of an advisory committee in Section 5 has been deleted and provisions of Section 5 has been amended (will be "within" instead of "attached to") to make the Institute a direct responsibility of the Department of Budget and Finance. Section 5 also stipulates that aside from training program in management and analysis conducted by the Institute, all other training needs of the State agencies are clearly the responsibility of the Department of Personnel Services.
- Appropriate amendments have been added to delete the provisions of Chapter 81, Hawaii Revised Statutes, which establishes the Center of Governmental Development and to allow the transfer options of personnel and funds from the University of Hawaii to the Department of Personnel Services (Section 10 has been retitled Section 17 and new sections have been added as Sections 10, 11, 12, 13, 14, 15, and 16.)

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H. B. No. 3096-74, as amended herein, and recommend that it pass second reading in the form attached hereto as H. B. No. 3096-74, H. D. 1, and it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Poepoe and Wakatsuki who were excused.

SCRep. No. 237-74 Legislative Management

Informing the House that House Resolution Nos. 373 to 393, House Concurrent Resolution Nos. 58 to 60, and Standing Committee Report Nos. 238-74 to 265-74, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 238-74 Consumer Protection on H. B. No. 2681-74

The purpose of this bill is to insure that take-overs of Hawaii corporations will be fair and equitable by requiring persons to disclose and register their plans to take over the control of Hawaii corporations.

Under the provisions of the bill, stockholders of Hawaii corporations, as well as State public officials and the general public, will have access to detailed information relating to the offerer and any plans which the offerer has if the take-over bid is successful, in addition to receiving all pertinent information relating to the take-over bid itself.

The intent of the bill was endorsed by the Department of Regulatory Agencies and representatives of private industry as take-overs of Hawaii corporations could adversely affect local stockholders, the population in general and economy of the State. They recommended some changes to the bill, and your Committee has amended the bill in the following ways:

1. Amended the definition of "take-over bid" by deleting the provision that limits the take-over bid only to situations whereby the offerer would be the owner of more than 10% of any class of security of the offeree company.

2. Added an additional requirement with respect to any corporation engaged in a regulated business which mandates the offerer to notify the regulatory agency of its plans to make a take-over bid thirty days before it formerly registers such take-over bid with the state agency.

3. Amended the definition of "exempt offer" by deleting the provision which exempts offeree corporations with less than 100 shareholders and one million dollars in assets from the provisions of the acts.

Your Committee on Consumer Protection is in accord with the intent and purpose of H. B. No. 2681-74, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H. B. No. 2681-74, H. D. 1, and be referred to the Committee on Judiciary and Corrections.

Signed by all members of the Committee.

SCRep. No. 239-74 Consumer Protection on H. B. No. 3051-74

The purpose of this bill is to amend section 476-1.5, Hawaii Revised Statutes, which provides that any disclosure required by chapter 476 relating to retail installment sales is subject to the prohibitions of the Federal Truth in Lending Act and the regulations of the Federal Reserve Board. The bill amends the section as follows:

1. Deletes the specific federal law and agency mentioned and substitutes therefor federal law and federal agency.

2. Makes the section also applicable to inconsistent statement of buyer's rights and other inconsistent provisions.

Your Committee has amended the bill as follows:

1. Amended the effective date of the Act to June 7, 1974.

2. Corrected the mistakes in bracketing and underscoring so the Act would be properly worded upon printing.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 3051-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 3051-74, H. D. 1**, and be referred to the Committee on Judiciary and Corrections.

Signed by all members of the Committee.

SCRep. No. 240-74 Consumer Protection on H. B. No. 2872-74

The purpose of this bill is to amend the laws relating to illegal uses of credit cards by card holders, dispensers of goods and services and others.

Under existing laws an illegal user of credit card is subject to two different penalties depending on the dollar amount of the goods sold or bought by the user. The bill under consideration reduces the threshold amount from \$500 to \$100.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 2872-74** and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Corrections.

Signed by all members of the Committee.

SCRep. No. 241-74 Consumer Protection on H. B. No. 2436-74

The purpose of this bill is to amend Section 239-5, Hawaii Revised Statutes, by adding a new subsection thereto which provides a special tax rate on sales between utilities.

Under existing law utilities in lieu of real property and general excise taxes are levied a minimum of 5.885 per cent of its gross income. The new subsection will make a rate exception for sales between utilities. As amended, such rates will be subject to a tax rate of one-half of one per cent. Since the revenues upon resale of the excepted product is subject to the higher tax rate, the intent of the amendment is to reduce double taxation, and approval of the amendment could lower utility costs of consumers.

Your Committee upon consideration of the bill has amended it in the following particulars:

1. Limited the sales between utilities subject to the lower rate to sales within the State; and

2. Changed the proposed .5 per cent rate to .8 per cent so it would approximate the real property tax benefits enjoyed by utilities.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 2436-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2436-74, H. D. 1**, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 242-74 (Majority) Judiciary and Corrections on H. B. No. 2758-74

The purpose of this bill is to provide for fair and reasonable salaries for judges in the state court system and for the administrative director of the judiciary. The bill is based on an in-depth study by a Special Committee of the Judicial Council. The Committee was appointed by the Chief Justice as Chairman of the Council.

It is an acknowledged fact that adequate judicial compensation is an important factor in attracting well-qualified judicial personnel to the state judiciary. Additionally, the Special Committee considered that salaries should be commensurate with judicial responsibilities and should provide economic security for the judge and his family.

The Special Committee considered the following factors in arriving at its recommendations: (1) the level of compensation which a competent lawyer with comparable experience would receive in private practice; (2) the value of retirement benefits which a member of the state judiciary would receive; and (3) the intangible rewards of judicial service, including personal satisfaction and prestige.

After considering and weighing each of these factors, the Hawaii Judicial Council's Special Committee recommended the following salary changes with which your committee agrees: (a) that the salary of the chief justice of the Supreme Court be increased from \$33,880 to \$49,260; (b) that the salary of each associate justice of the supreme court be increased from \$32,670 to \$47,500 per year, and (c) that the salary of the various circuit court judges be increased from \$30,250 to \$43,990 per year. The effect of raising the salaries of the circuit court judges would also proportionally raise the existing salaries of district court judges.

The Hawaii Judicial Council's Special Committee recommended that the salary of the administrative director of the courts be set by the chief justice but in an amount not more than the salaries for department heads and executive officers. In this respect, your Committee has amended the bill to provide that the administrative director's salary shall be not more than 85% of the maximum salary allowable to a department head or executive officer covered by Section 26-52 (2), Hawaii Revised Statutes. Your Committee is of the opinion that the administrative director's position and salary should be comparable to that of first deputies or first assistants in the executive departments of the government.

Your Committee believes that judicial compensation as provided for under this bill is fair, reasonable, and adequate under all relevant factors and criteria. Moreover, your Committee recommends that the salaries of the governor, lieutenant governor, and other top level executives in the executive branch also be examined and probably increased in accordance with factors relevant to a fair determination of executive compensation.

Your Committee on Judiciary and Corrections is in accord with the intent and purpose of **H. B. No. 2758-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2758-74, H. D. 1**, and be referred to the Committee on Finance.

Signed by all members of the Committee.

Representative Cobb did not concur.

SCRep. No. 243-74 Federal-State-County on H. B. No. 3004-74

The purpose of this bill is to appropriate \$40,000 for a feasibility study of accommodating either the immigration and naturalization station on Ala Moana Boulevard or the Kamehameha post office on Merchant Street, Honolulu, Oahu, as a Hawaii History Center.

Your Committee on Federal, State and County Relations is in accord with the intent and purpose of **H. B. No. 3004-74** and recommends that it pass Second Reading and be referred to your Committee on Finance.

Signed by all members of the Committee.

SCrep. No. 244-74 Education on H. B. No. 2545-74

The purpose of this bill is to make appropriations for capital improvements relating to education and culture.

Your Committee recommends the following amendments to **H. B. No. 2545-74**:

1. On lines 20 and 21 on page 2, omit the words "and swimming pool";

2. On line 6 on page 6, delete the word "gymnasium" and substitute therefor the words "swimming pool".

Your Committee on Education is in accord with the intent and purpose of **H. B. No. 2545-74**, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as **H. B. No. 2545-74, H. D. 1**.

Signed by all members of the Committee.

SCRep. No. 245-74 Education on H. B. No. 740

The purpose of this bill is to require the metric

system to be taught and included in the curricula of all schools in the State.

Your Committee on Education is in accord with the intent and purpose of **H. B. No. 740** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 246-74 Education on H. B. No. 692

The purpose of this bill is to preclude the department of education from prescribing any rule or regulation which requires teaching experience as a prerequisite for a professional administrator's certificate.

The legislative auditor in **Audit Report No. 73-1** indicated that the department's practice of issuing professional administrator's certificates was illegal. Upon receipt of the legislative auditor's report, the department of education heeded the findings of the report and stopped issuing professional administrator's certificates. This bill would be a further step in compliance with the auditor's report.

Your Committee has made a technical amendment to this bill. On lines 10 and 11, delete the words "or for employment of technical personnel."

Your Committee on Education is in accord with the intent and purpose of **H. B. No. 692**, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as **H. B. No. 692, H. D. 1**.

Signed by all members of the Committee.

SCRep. No. 247-74 Consumer Protection on H. B. No. 2714-74

The purpose of this bill is to add a new chapter entitled "Fine Art" to the Hawaii Revised Statutes.

The new chapter defines (1) the various categories of fine art and (2) persons closely connected with fine art. It also clarifies and spells out the rights, responsibilities and liabilities of persons who deal in fine art.

The new chapter is not a regulatory law and does not impose any criminal penalty. It is in essence a code of conduct as it establishes special standards for the market place in art.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 2714-74** and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Corrections.

Signed by all members of the Committee.

SCRep. No. 248-74 Consumer Protection on H. B. No. 2900-74

The purpose of this bill is as stated in Section 1 of the bill, to-wit: "It is declared to be a policy of the State of Hawaii that, in order to safeguard the public health, safety and welfare; to protect the public from being misled by incompetent, unscrupulous, and unauthorized persons and from professional conduct on the part of qualified speech pathologists and/or audiologists; and to help assure the availability of the highest possible quality speech pathology and/or audiology services to communicatively handicapped people of this State, it is necessary to provide regulatory authority over persons offering speech pathology and/or audiology services to the public."

At the public hearing the proponents of the bill did overwhelmingly substantiate the purpose as above stated. Your Committee was impressed with the dedication and professional conduct exhibited by the speech pathologists and audiologist who testified. Upon review of their educational and other credentials, your Committee finds that they are indeed professionals, and that their practices should not be polluted by unqualified persons who, by falsely assuming labels as audiologists or speech therapist, treat the public afflicted with speech and hearing disorders. Based on the record, your Committee also finds this bill to be a consumer protection measure.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 2900-74** and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Corrections.

Signed by all members of the Committee.

SCRep. No. 249-74 Labor and Public Employment on H. B. No. 3039-74

The purpose of this bill is to permit employees with at least twenty years of active service and who become totally disabled to retire without penalty in the same manner provided other employees retiring on service retirements.

Because the Committee determined that the definition of totally disabled was not very clear in the original version of the bill, it was felt that amendments should be made to clarify the intent and purpose of the bill.

Your Committee upon consideration of this bill recommends the following amendments:

1. Section 1 of the bill be amended to correct a typographical error which would have based the retirement rate allowable on twenty per cent of salary for each year of service, and provide instead for the normal service retirement formula of two per cent of annual final compensation times the number of years of service.

2. Section 1 of the bill be further amended to

include the provisions of Act 90, Session Laws of Hawaii, 1970, relating to the definition of disabled, rather than merely citing the reference in the statute as proposed by the original bill.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of **H. B. No. 3039-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 3039-74, H. D. 1**, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 250-74 Labor and Public Employment on H. B. No. 2863-74

The purpose of this bill is to amend present law by removing the limitation on overtime compensation. At present employees whose basic pay rate exceeds the minimum range for SR-25 are paid at the rate of 1-1/2 times the minimum rate for SR-25. This bill will enable all employees to be paid just compensation for any extra hours of work they are required to do.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of **H. B. No. 2863-74** and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 251-74 Labor and Public Employment on H. B. No. 2862-74

The purpose of this bill is to amend present law relating to funeral leave for public officers and employees by liberalizing funeral leave benefits for public officers and employees excluded from collective bargaining so that they would receive essentially the same funeral leave benefits as those covered by collective bargaining agreements.

The bill provides for increasing the number of days allowable for funeral leave from two to three days. The bill further provides for allowance of funeral leave in case of death of family members including members of the immediate family resulting from the "hanai" custom. These are benefits presently enjoyed by employees here in bargaining units.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of **H. B. No. 2862-74** and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 252-74 Labor and Public Employment on H. B. No. 2345-74

The purpose of this bill as amended, is to authorize the State or Counties to establish contractual deferred compensation plans for the

benefit of employees who wish to defer part of or all of their compensation. The bill provides for authority to contract on behalf of the State and Counties to obtain insurance or annuity contracts. The bill further provides for amendment of the tax laws to exclude from gross, adjusted gross and taxable income, contributions made by the State or any county to a deferred compensation plan established pursuant to this bill.

Your Committee has amended this bill to correct a typographical error in Section 2, changing the statutory reference from section 237-7 to 235-7. Your Committee has also deleted section numbers from Section 1.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of **H. B. No. 2345-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2345-74, H. D. 1** and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 253-74 Labor and Public Employment on H. B. No. 570

The purpose of this bill, as amended, is to amend present law relating to the employees' retirement system of the State of Hawaii by giving widowers the same rights as widows with respect to all pensions granted or provided for by the legislature, and with respect to accidental death benefits.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of **H. B. No. 570**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 570, H. D. 1**, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 254-74 Labor and Public Employment on H. B. No. 2352-74

The purpose of this bill is to create a presumption for retirement purposes that a fireman or sewer worker who is disabled or dies due to any disease of the heart, lungs or respiratory system is presumed to have been injured, diseased or died while in the performance of his duty and to grant accidental death benefits to retirement system members' beneficiaries for death due to some occupational hazard.

Your Committee has been informed that firefighters and sewer workers are substantially exposed to the dangers of common forms of heart disease; that frequent encounters with toxic gases represent a major hazard to firefighters and sewer workers; and that the retirement system has not awarded any disability retirement or death benefits resulting from occupationally related diseases.

Your Committee has amended the bill to include sewer workers under the presumption provided, and also to delete the requirements that the disease be the result of a cumulative effect and that a fireman or sewer worker complete five years of continuous service before the said presumption is to become effective since the fireman and sewer worker are required to have passed a physical examination on or prior to entry into service, which examination must have failed to reveal any evidence of such condition.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of **H. B. No. 2352-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2352-74, H. D. 1** and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 255-74 Consumer Protection on H. B. No. 719

The purpose of this bill is to enlarge the jurisdiction of the Office of Consumer Protection by empowering said office to prosecute any person who furnishes services for which a license is required from the Department of Regulatory Agencies.

As drafted the bill adds a new section to chapter 480 which relates to restraint of trade. The new section does not declare the undesirable activity as unlawful. Instead it provides that such activity is unfair method of competition which term in turn is declared unlawful by another section. The proposed section also incompletely subjects a violation to all the remedies and penalties of chapter 480 (five penalty sections).

Your Committee upon review of the matter has amended the bill as follows:

1. Inserted the new section as part of chapter 487, relating to the Office of Consumer Protection, instead of chapter 480 relating to restraint of trade.

2. Declared the undesirable activity as unlawful within the confines of the section instead of indirectly by reference to another section making the activity unlawful.

3. Provided its own penalty section instead of making it subject to all penalties in chapter 480.

4. Deleted section 2 of the bill relating to appropriations since the matter is the subject of another bill transmitted to your Committee on Finance.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 719**, as amended herein, and recommends its referral to the Committee on Finance in the form attached hereto as **H. B. No. 719, H. D. 1**.

Signed by all members of the Committee.

SCRep. No. 256-74 Consumer Protection on H. B. No. 2915-74

The purpose of this bill is to require all health insurance policies and health plans which afford coverages for family members to extend such coverages to a newly born child of the insured or subscriber from the moment of birth.

The bill's proposal will remove the exclusionary periods for the newly born that still exist in many policies and plans providing dependents' coverages, and supporting the passage of the bill at the public hearing were representatives of the Birth Defects Center and the Hawaii Medical Association.

According to the testimony presented the bill is primarily designed to correct or alleviate the problems related to newborn babies with congenital defects and birth abnormalities. The birth of a baby with congenital defects and abnormalities too often seriously and unjustifiably affects the parents and other members of the family emotionally and financially. These strains and stresses are unfortunately not confined to the period immediately following birth, but they can be permanent and lasting. The most compelling reason for the adoption of the bill, however, is the fact that many of the defects and abnormalities can be corrected so the baby will be able to overcome such defects and abnormalities and live a normal life.

The language of the bill was drafted by the American Academy of Pediatrics with the assistance of the Health Association of America. When the model legislation was adopted, these organizations in their endorsements clearly made it known that the provisions of the model legislation are not intended to include coverages for routine well-baby services. The intent is consistent with the testimony given on the bill. Accordingly, your Committee has amended the bill as follows:

1. Re-designated and amended the wording of the bill as subsections (a) of the new sections, and added subsections (b) which read: "No provision in subsection (a) shall be construed so as to provide or include coverages for routine well-baby care services."

2. Technically amended Section 2 of the bill which purports to add a new section designated as 433-22. The designation was changed to 433-23 since there is in the Hawaii Revised Statutes an existing section 433-22.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 2915-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2915-74, H. D. 1**, and be referred to the Committee on Public Health and Welfare.

Signed by all members of the Committee.

SCRep. No. 257-74 Water, Land Use and Development on H. B. No. 2871-74

The purpose of this bill is to enable the acquisition by the State of lands at Maunawili, Oahu, owned by the Kaneohe Ranch Company, Ltd. and presently being used by the Hawaiian Sugar Planters Association as a sugarcane breeding site. It proposes to promote the sugarcane breeding program being conducted by issuance of long-term lease agreements to insure that proper research and development can be carried on without disruptions.

Your Committee was informed that this is the only area in the world except for Barbados and Fiji, where sugarcane flowers abundantly and consistently, enabling insect and disease resistant, high yielding strains to be developed. The year to year short-term leases limit the research and development that can be accomplished. The basic reason for having the State acquire the site is that Kaneohe Ranch Company, Ltd. apparently will not give the Hawaiian Sugar Planters Association other than short term tenure.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of **H. B. No. 2871-74** and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 258-74 Water, Land Use and Development on H. B. No. 2841-74

The purpose of this bill is to amend the investment section of the Retirement System law to permit the System to invest its funds in home loans to lessees of Hawaiian Home Lands which will be guaranteed by the Department of Hawaiian Home Lands.

Your Committee finds that under this bill, the Employees' Retirement System will be permitted to make home loans to lessees of Hawaiian Home Lands which are not secured by mortgage on their lands. These loans will be at such terms and conditions as will be determined by the System but will be guaranteed by the Department of Hawaiian Home Lands. By these means, an additional \$8 million of mortgage funds will be available to lessees of Hawaiian Home Lands for acquisition of low cost homes to be built by either the Department of Hawaiian Home Lands or Hawaii Housing Authority which will also provide interim construction financing.

In testimony presented in a public hearing to your Committee, the Director of the Hawaiian Home Lands Department reported that there were 4,000 applicants who are native Hawaiians and are in need of housing state-wide. There are 531 homes throughout the homestead projects that are substandard and are in need of replacement. The Department could construct substantial number of units with funds appropriated from the

legislature for site construction costs and from the mortgage monies from the State Retirement System guaranteed by the Department of Hawaiian Home Lands.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of H. B. No. 2841-74 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 259-74 Finance on H. B. No. 2331-74

The purpose of this bill is to eliminate any potential drain on tax revenue should a major disaster occur in any area with a high concentration of property values. The loss of revenue could adversely affect the financial condition of the State and County involved.

Presently, the director of taxation shall remit or refund from the current revenues of the State income, general excise and real property taxes paid by persons sustaining losses from destruction of real or personal property as a result of a natural disaster or forgive, for a period not to exceed five consecutive years commencing January 1 of the year in which the disaster occurred, until the amount of the loss certified or adjudged is recovered up to but not in excess of:

1. \$10,000 for all taxes due under H. R. S. Chapter 235 (Income);

2. \$250,000 for all taxes due under H. R. S. Chapter 237 (General Excise);

3. \$350,000 for all taxes due under H. R. S. Chapters 235, 237 and 246 (Real Property); or until the claimant recovers the full amount of his certified or adjudged loss, or until the expiration of the five-year period, whichever shall first occur.

This bill amends H. R. S. section 234-8, by deleting entirely the provision which allows income tax credit of \$10,000 and by reducing the amount of credit applicable to the general excise tax from \$250,000 to \$25,000. In addition, the total credit allowed against the general excise and real property taxes would be reduced to \$35,000 from \$350,000.

Furthermore, the reasoning for repealing the income tax credit is that taxpayers can obtain relief under section 235-7(f), casualty losses.

Your Committee on Finance is in accord with the intent and purpose of H. B. No. 2331-74 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. 260-74 Judiciary and Corrections on H. B. No. 1931

The purpose of this bill is to amend chapter 359, Hawaii Revised Statutes, by adding a new section setting forth the criteria to be used in determining whether or not an applicant for elderly housing under chapter 359 is eligible for such housing.

Your Committee has made a technical amendment to Section 1 of the bill by replacing the word "department" on line 8, page 1, with the words "Hawaii housing authority." This will make the reference to the housing authority consistent with other references used in chapter 359.

Your Committee on Judiciary and Corrections is in accord with the intent and purpose of H. B. No. 1931, H. D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H. B. No. 1931, H. D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 261-74 Water, Land Use and Development on H. B. No. 2470-74

The purpose of this bill is to amend Section 183-41, H. R. S., to increase the powers of the department of land and natural resources to govern the conservation districts adequately; to strengthen enforcement of conservation zoning; and to reconcile the provisions of Section 183-41 with Chapter 205, H. R. S., which renames the forest and water reserve zones as conservation districts and provides for their establishment by the Land Use Commission.

The bill broadens the meaning of "non-conforming use" to include lands added to a conservation district since October 15, 1964, and eliminates as a non-conforming use, undeveloped parcels under ten (10) acres in size which are in the forest reserve. Subdivision powers are explicitly vested in the department, and the department is authorized to charge fees as necessary for implementation of the section. Authorization for policing conservation zoning is also contained in the bill along with provisions for double the present maximum fine.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of H. B. No. 2470-74 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. 262-74 Consumer Protection on H. B. No. 2297-74

The purpose of this bill is to increase benefits for (1) temporary and total disability cases, (2) permanent partial disability cases, and (3) dependents of deceased employees by raising the weekly minimum and maximum benefits payable to realistic levels.

Under existing law disability (temporary total, permanent total and permanent partial) and death

benefits are based on 2/3 of the employee's average weekly wage subject, however, to a maximum of \$112.50 and minimum of \$18.00 per week, and death and permanent total disability cases are further subject to an aggregate limit of \$35,100 which sum is the product of 312 weeks times the present weekly maximum of \$112.50.

When the weekly maximum of \$112.50 was by law established in 1965, the sum exceeded the State average weekly wage as determined annually by the Director of Labor and Industrial Relations for another work related program he administers, and the maximum limit truly reflected 2/3 of the weekly wages of a substantial segment of the work force. Today, however, many of the injured are receiving considerably less than 2/3 of their wages because of the weekly maximum limit.

To account for the discrepancy due primarily to inflation, the weekly limitations were amended as follows:

1. Not more than \$125 nor less than \$38 during the period ending June 30, 1975.

2. Beginning July 1, 1975 and during each successive 12-month period not more than the State average weekly wage as described above nor less than \$38 or 25% of the maximum whichever is higher.

As amended the weekly limits will be automatically adjusted annually, and will no longer require legislative corrective action. Similarly, the present aggregate limit of \$35,100 was amended so the sum will be the product of 312 weeks times the State average weekly wage as determined annually and described above.

The increase in the weekly maximum limit will particularly benefit the temporary total cases who are presently receiving less than 2/3 of their weekly wages because of the low maximum limit. It will benefit the permanent total disability and death cases because the aggregate limit of \$35,100 will be increased, and while the permanent partial cases will be awarded benefits for the same number of weeks for a given partial disability, they too will be receiving more disability income in most cases.

The change is endorsed by public officials and private organizations both locally and nationally. Your Committee also endorses this meaningful amendment.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 2297-74**, **H. D. 1**, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. No. 263-74 (Majority) Consumer Protection on **S. B. No. 1498-74**

The purpose of this bill is to simplify the Public Utilities Commission's approval procedures when

installation of utility facilities are contemplated in, on, above, along or under public right of ways.

Your Committee has heard testimony on **H. B. No. 2208-74**, companion bill to the bill under consideration, and therefore believes that the recommendations herein made meets the public hearing requirement of the House Rules.

Under existing law enacted in 1961 the commission is mandated to base its approval on written findings that a proposed installation, regardless of project size, meets prescribed standards of the agency. Since 1961 the commission has promulgated standards in accordance with section 269-14, H. R. S., and the bill amends existing law by deleting the requirement for a written finding which has proven to be cumbersome for the commission and utilities.

Presently, the commission rules require all utilities to submit detailed capital improvement budget annually and an estimate of expenditures for the ensuing four years. This permits the commission to study all proposed installations before commencement of actual construction. Your Committee has also been informed that job site inspections will further assure that installations will conform to standards.

Your Committee on Consumer Protection is in accord with the intent and purpose of **S. B. No. 1498-74** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

Representative Carroll did not concur.

SCRep. No. 264-74 (Majority) Consumer Protection — Judiciary and Corrections — Finance on **H. B. No. 2480-74**

The purpose of this bill is to amend the Hawaii no-fault law, Act 203, Session Laws of Hawaii, 1973 which was enacted and designed to provide:

1. A speedy, adequate and equitable reparation for those injured or otherwise victimized by automobile accidents regardless of fault;

2. The stabilization and reduction of motor vehicle insurance premium rates;

3. Each licensed driver or owner of a motor vehicle an easy and procedurally uncumbersome system for the purchase of insurance at reasonable costs;

4. A compulsory insurance system to assure all victims the benefits of the law; and

5. Adequate control measures to regulate the insurance industry and to protect consumers from abuses.

Your Joint House Committees on Consumer

Protection, Judiciary and Corrections, and Finance have considered all bills relating to and purporting to amend the Hawaii no-fault law introduced in this session. Most of the bills were submitted for consideration with the following objectives in mind: (1) to technically clarify the language of the law; (2) to improve the law substantively with amendments that are consistent with the overall plan of the law; and (3) to assure an expedient as well as a smooth implementation of the law.

Your Committee has held public hearings on all the bills relating to our no-fault law (Act 203, 1973 Sessions Laws) and after a full and open discussion of all the proposals has incorporated into this bill the amendments deemed most desirable. Your Committee, therefore recommends as follows:

1. Severability. Section 6 of Act 203, which presently provides that in the event any section of the law is declared unconstitutional the remaining sections shall be conclusively presumed to be valid, is amended by adding an exception thereto. The added provision states that in the event section 294-6 relating to the abolishing of tort is declared unconstitutional the entire Act will be null and void. Your Committee and all those testifying believe that section 294-6 is the heart of the no-fault law and if the said section is declared invalid the entire law becomes meaningless. Without the amendment the reparation system could be concurrently based on both the no-fault and tort system because under the present severability clause all other sections would still be in force. This dual reparation system has caused confusion in Illinois and, thus, the intent of the amendment is to avoid the problems experienced by a sister state.

2. Commissioner of Motor Vehicle Insurance. Section 431-31(c) which establishes the Insurance Commissioner's office is hereby abolished inasmuch as there is presently under the statutes an insurance commissioner (the Director of the Department of Regulatory Agencies) responsible for the administration of our insurance laws and the regulation of the industry. Furthermore, until we gain adequate experience under the no-fault system, there is no valid justification for establishing two insurance commissioners offices.

3. Implementation Date. The implementation date of Act 203 is changed from July 1, 1974, to September 1, 1974, to allow the Insurance Commissioner and the insurance industry more time to obtain necessary data, forms, etc., for the implementation of Act 203, as amended.

4. Rate Making and Classification. Under Section 294-13 the insurance commissioner is given the authority and power to set rates. However, after hearing testimony and due consideration of all the issues, Act 203 is amended to allow the insurance commissioner to approve or disapprove rates as submitted by the industry. Your Committee believes that the State should not undertake the high costs of a rate-setting procedure at this

time inasmuch as the Insurance Commissioner has adequate authority and power to protect the consumer. Your Committee has retained the requirement to hold public hearings before rates are approved and has added a new provision to section 294-16, relating to annual report of the commissioner, which mandates the commissioner to include in said report his reasons for approving rates submitted by insurers. Section 294-33 relating to prohibited rating practices was also amended to permit classifications based on age, sex, length of driving experience and marital status because these classifications are statistically justifiable.

5. Assigned Risks and Claims Plan. Under Act 203 the insurance commissioner has the responsibility of establishing and operating an assigned risk and claim plan. However, your Committee has amended that section by adopting the Joint Underwriting Association plan as being less costly to the State, and being more efficient and beneficial to the public.

6. No-fault — Primary or Secondary. Under Section 294-5(b) no-fault benefits are secondary to workmen's compensation, social security, public welfare laws and medical and health plans. However, your Committee believes that no-fault benefit payments should be primary over the medical and health plans for the following reasons:

(a) Splitting the accounting and reporting systems between the insurance carrier and medical and health plans will entail a myriad of paper work and will necessitate the hiring of additional staff resulting in higher premium costs;

(b) All medical health plans do not cover hospitalization and every type of medical costs on a 100% basis, and if the consumer uses up his health care benefits due to an auto accident injury, he may be left unprotected or without any benefits for non-auto injuries or for illnesses; and

(c) Consumers can look to one party for no-fault insurance benefits, medical and rehabilitative costs as well as loss of wages.

7. Threshold. Section 294-10(b) and 294-6(a) (2) are amended to delete the requirement of establishing a 90% sliding scale formula in determining a medical threshold for each year, and substituting therefor a fixed dollar amount of \$1,500. Your Committee believes that the \$1,500 medical threshold amount reflects the intent of the 90% feature of the formula and with the fixed dollar amount threshold. Act 203, as amended, can be implemented without undue costs and delay.

8. "Causes Property Damage". Section 294-6 abolishes tort liability. The section, however, is subject to several modifying exceptions including the provisions, "person who causes property

damage". While the intent of the provision is to exclude property damage liability, the section could be construed to mean that whenever property damage is involved, tort liability with respect to bodily harm is not abolished. Therefore, Section 294-6 is amended to make it clear that property damage liability is an exception to the no-fault system.

9. Other amendments adopted by your Committee are as follows:

(a) The language of 294-2(11) (A) relating to medical payments was changed to conform to constitutional requirements.

(b) The term "accidental harm" was inserted for "injury or death" wherever applicable. "Accidental harm" is defined in the law. Therefore, the substitutions are appropriate and will add the element of certainty to the various sections.

(c) Under Act 203, a person who receives "any public assistance benefits in any form" is entitled to free insurance under the assigned risks plan. The Department of Social Services and Housing administers many assistance programs such as food stamps and other programs in which the beneficiaries are not indigents. To provide for a sound and financially manageable assigned risks plan, your Committee substituted the language recommended by the Department of Social Services and Housing.

(d) Section 294-14(a) (2) requiring each insurer to have a claims office in each county is amended to requiring each insurer to have at least one claims office in this state.

(e) Section 294-3(c) relating to maximum limit was clarified.

(f) Section 294-9(c) was amended to afford policy holders more protection, insurers are required to notify them by registered or certified mail in the event of cancellation or non-renewal instead of by written notice only.

Your Joint House Committees on Consumer Protection, Judiciary and Corrections, and Finance are in accord with the intent and purpose of **H. B. No. 2480-74**, as amended herein, and recommend that it pass Second Reading in the form attached hereto as **H. B. No. 2480-74, H. D. 1**, and that it be placed on the calendar for Third Reading.

Signed by all members of the Committee.

Representatives Kato, Uechi and Wong did not concur.

SCRep. No. 265-74 Consumer Protection on H. B. No. 2941-74

The purpose of this bill is to amend section

451A-12, Hawaii Revised Statutes, which section imposes on a person who practices the fitting and sale of hearing aids certain requirements by adding a new requirement thereto.

The added provision requires such person to ascertain and verify before the sale is completed that the purchaser has been examined by an otolaryngologist or by a certified clinical audiologist, and that the purchase of the device has been prescribed or approved within ninety days of the sale. While most of the testimony favored the intent of the bill there were some reservations expressed at the hearing. The added provision could impose hardships on many who need the devices and would not be practical in application. Your Committee, therefore, has amended the bill so the requirement would apply only to the initial sale and that such device be prescribed by a "licensed physician or clinical audiologist" instead of "an otolaryngologist or clinical audiologist." The amendment is consistent with the guidelines used by the Hawaii Medical Service Association and the Department of Social Services.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 2941-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2941-74, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 266-74 Legislative Management

Informing the House that **House Resolution Nos. 394 to 445, House Concurrent Resolution Nos. 61 to 72, and Standing Committee Report Nos. 267-74 to 295-74**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 268-74 (Majority) Legislative Management on H. B. No. 439

The purpose of this bill is to provide that the chief clerks of the legislature shall be provided the same retirement benefits as that for judges and elected officers which would be a 3.5% of average final compensation for each year of credited service as an officer of the legislature.

Existing law provides that officers of the legislature are general employees and are entitled to retirement benefits under the regular formula of 2% of average final compensation.

Your Committee on Legislative Management is in accord with the intent and purpose of **H. B. No. 439, H. D. 1**, and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

Representative Ajifu did not concur.

PRINTSHOP PRINTED MATTERS
TO WEEK ENDING MARCH 15, 1974

PRINTED ITEM	NO. OF PRINTED ITEMS		NUMBER OF PAGES	
	CURRENT	TO DATE	CURRENT	TO DATE
House Bills	—0—	1072	—0—	5443
House Resolutions	33	336	65	720
House Concurrent Resolutions	5	53	9	139
Standing Committee Reports	43	154	264	664
Special Committee Reports	—0—	4	—0—	49
Floor Amendments	2	3	4	7
OTHERS:				
Appendix			—0—	7
Certifications			—0—	39
House Rules			—0—	47
Reprints on House Measures			626	2708
Status of Bills			405	2486
Summaries			—0—	8
Miscellaneous			8	261
TOTALS	83	1622	1381	12,578

PRINTSHOP MATERIALS COST REPORT
TO WEEK ENDING MARCH 15, 1974

I T E M S	SUPPLIES USED		ITEM COST	A M O U N T	
	CURR. WK.	TO DATE		CURR. WK.	TO DATE
Paper, Bond 8 1/2x11-16#	(Reams)	(Reams)			
White	331	6766	\$1.54	\$ 509.74	\$10,419.64
Blue	14	99	1.58	22.12	156.42
Buff	7	47	1.58	11.06	74.26
Canary	69	440	1.58	109.02	695.20
Green	113	603	1.58	178.54	952.74
Pink	14	137	1.58	22.12	216.46
	<u>548</u>	<u>8092</u>			
Masters (100 in pkg.)	1500	20000	5.25	78.75	1,050.00
Toner (1/4#)	2	21	5.75	11.50	120.75
Blankets, Multilith 10x18	—0—	4	6.05	—0—	24.20
	—0—	7	10.73	—0—	75.11
Cover, Mollenton (2 in pkg.)	—0—	10	7.35	—0—	73.50
Ink	5	72½	1.55	7.75	112.38
Mix, Developer	—0—	4	11.80	—0—	47.20
Pads, Cotton	8	70	1.81	14.48	126.70
Sheets, Blanket Cleaner (50 in pkg.)	1	19	2.66	2.66	50.54
Solutions:					
Electrostatic (gal)	5	49	10.70	53.50	524.30
Blankrola (5 gal)	1/2	10	17.60	8.80	176.00
Deglazer (1 pt.)	2	15	3.00	6.00	45.00
Water, Distilled (5 gal)	—0—	12	2.00	—0—	24.00
TOTALS				\$1,036.04	\$14,964.40
Plus 4% Hawaii Tax				41.44	598.58
T O T A L S				\$1,077.48	\$15,562.98

Signed by all members of the Committee.

SCRep. No. 269-74 Housing on H. B. No. 853

The purpose of this bill is to amend Part VII, Chapter 359, Hawaii Revised Statutes, by providing standardized restrictions on the transfer and use of dwelling units purchased pursuant to the State sales housing program.

Your Committee has amended **H. B. No. 853** by deleting Sections 1 and 2 and replacing them with a new Section 1 which would include the standardized provisions on the transfer and use of dwelling units under the State's jurisdiction or control.

For the purposes of consistency your Committee also recommends that this bill be further amended as follows:

(a) Section 3 be changed to Section 2.

Your Committee on Housing is in accord with the intent and purpose of **H. B. No. 853** as amended herein, and recommends its referral to the Committee on Finance in the form attached hereto as **H. B. No. 853, H. D. 1**.

Signed by all members of the Committee.

SCRep. No. 270-74 Housing on H. B. No. 2544-74

The purpose of this bill, as amended, is to allow the redevelopment agency to sell, lease or sublease the land or completed auxiliary development to qualified developers or sponsors. Such sale, lease or sublease price of the land or completed auxiliary development would be a fair market value reflecting the restrictions imposed upon the developers or sponsors.

This bill will also no longer restrict the counties to using undeveloped vacant land for the purposes of creating auxiliary redevelopment areas.

Your Committee on Housing is in accord with the intent and purpose of **H. B. No. 2544-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2544-74, H. D. 1**, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 271-74 Housing on H. B. No. 1204

The purpose of this bill, as amended, is to add a new chapter to the Hawaii Revised Statutes providing a mechanism for landowners of separate adjoining parcels to cooperatively assemble and develop their lots under a joint undertaking and thereafter receive an equitable share of the total project based on their pro-rata interest in it.

The purpose of this bill would be accomplished by granting three or more adult landowners of a proposed land readjustment district the

authority to form a land readjustment association, membership of which is restricted to owners of parcels within the membership area. After securing the membership of three-fourths of the landowners within its membership area, the association may petition the Hawaii Housing Authority to be designated a land readjustment district. Submitted with the petition shall be a preliminary development plan outlining in general terms, their proposal for the development of the readjustment area.

Once a land readjustment district is designated, the chairman of the authority shall appoint a trustee who shall be a director of the association representing the Hawaii Housing Authority. His principal duties would involve the coordination and execution of the development plan. All concurring landowners shall convey title of their land to the trustee.

With respect to landowners who do not join the association and who do not agree to the proposed readjustment and development, the bill authorizes the acquisition of their lands by the authority through the power of eminent domain, with title of the land passing to the trustee.

After acquisition of all property interests, the authority shall have three appraisers determine the fair market value of all properties, rounded to the nearest \$500. For each \$500 of property value, a landowner shall be given one share in the association. Voting rights in the association shall be based on these shares held. On completion of the development plan, an appraisal shall be made of lands remaining after conveyances for public use are made. The association members and the authority shall receive their pro-rata share of the remaining land.

General obligation bonds of the State as authorized under Chapter 359G-7 will be used for the purposes of carrying out the intent of this bill.

Your Committee on Housing has found that nonconforming lots, such as small parcels of land, are undevelopable under current county zoning ordinances. Owners of such lots are prevented from adding to or building new units in many instances; the existing units becoming deteriorated in the process. This bill allows for more efficient use of this kind of land, especially in highly urban areas with a number of nonconforming parcels.

Your Committee on Housing upon consideration of this bill recommends the following amendments:

1. Section -8 of this bill be amended to require three-fourths of the landowners within a given area to petition for the readjustment and development of their lands. The current qualification requires two-thirds of the landowners to so petition.

2. Section -8 of this bill be further amended by specifying that the development plan submitted by the landowners with their petition be only a preliminary plan indicating, in general, their proposed readjustment and development of their combined parcels.

3. Section -9 of this bill be amended to require that the appointment of a trustee to oversee the project be approved by the board of directors of the readjustment association.

4. That the bill be amended to specify that a final development plan be submitted by the readjustment association to the Hawaii Housing Authority subsequent to the approval of the association's petition and preliminary development plan. Approval of the final plan will be made by a majority vote of the association's members as well as by the authority.

5. A new Section -17 be added to give readjustment projects a high priority in terms of State or County financial assistance.

6. A new Section -18 be added to give persons displaced by a readjustment project the relocation benefits per Chapter 111. The benefits would accrue to the persons subsequent to the binding agreement entered into by the landowners of the association. In addition, landowners must render reasonable assistance to their tenants in terms of relocation; the eviction of a tenant 120 days prior to the landowner becoming a member of the readjustment association will be considered to be a violation of this condition.

7. Section -19 be amended by requiring that proposed rules and regulations drawn up by the authority prescribing the development and administration of a readjustment project, be circulated among existing readjustment associations for their comment before they are adopted.

8. A new Section -25 be added which would exempt the land and improvements encompassed within a readjustment district from real property taxes for ten years after the completion of the development plan.

9. A new Section -26 be added which allows for an appeal by any aggrieved party affected by the readjustment project as provided by Chapter 91, Hawaii Revised Statutes.

For the purposes of consistency your Committee recommends that this bill should be further amended as follows:

1. Sections 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, and 20 be renumbered to Sections 12, 13, 14, 15, 16, 19, 20, 21, 22, 23, and 24 respectively.

Your Committee on Housing is in accord with the intent and purpose of **H. B. No. 1204, H. D. 1**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 1204, H. D. 2** and be referred to the Committee on Judiciary and Corrections.

Signed by all members of the Committee.

SCRep. No. 272-74 Housing on H. B. No. 2059-74

The purpose of this Act is to amend Chapter 359G to create a housing opportunity allowance program that will be administered by the Hawaii Housing Authority. The program would provide loans of up to \$50 per month towards the payment of interest on private home loans made to qualified mortgagors. The loan would be made over a period of sixty months by the authority to the private lender and would be repayable on the tenth year after the closing of the loan. Interest will be charged per Chapter 359G.

Your Committee has found that since the summer of 1973 the availability of money for mortgage financing has been curtailed by the excess demand for loans over the available supply which lenders have. This shortage of funds has prompted lenders to increase the stringency of their loan terms, including the increasing of interest rates and down payment requirements, and the reduction of the number of years in which a mortgage is to be amortized. Together with the high prices for housing units, these terms have acted to reduce the number of households which can obtain financing for home purchases. The establishment of a mortgage assistance program under this Act is intended to help those households who heretofore could not qualify for either governmental home purchase assistance or private mortgage financing.

Your Committee on Housing is in accord with the intent and purpose of **H. B. No. 2059-74** and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 273-74 Judiciary and Corrections on H. B. No. 2080-74

The purpose of this bill is to establish a criminal injuries compensation fund from which the criminal injuries compensation commission can make payments to victims or dependents found eligible for compensation under the provisions of chapter 351, Hawaii Revised Statutes.

Under the present law, after the commission makes an award for compensation, no funds are available for payment until the Legislature convenes and passes an appropriation measure providing funds to pay commission awards made during the prior year. This necessity for prior legislative appropriations to make payments has resulted in undue delay before payments are made to persons found by the commission to be deserving of compensation. Testimony before your Committee by the representative of the commission indicated that it is usually 12 to 18 months after the victim has been injured before any compensation is paid. While part of this delay is caused by the investigation to determine the merits of claims, a substantial portion of the de-

lay is caused by the need to obtain Legislative approval in the form of an appropriation before a meritorious claim can be paid.

Although the present law provides for an emergency payment fund from which the commission can make payment of funds needed for immediate use as a result of the injuries sustained by the victim, this has proved impractical and no funds have ever been disbursed under this provision. This is because by the time the commission completes its investigation as to whether a claim has merit, the emergency need has already been met through other sources such as public assistance or help from relatives.

Your Committee believes that meritorious claims for compensation should be paid as soon as possible and that undue delay is unfair to the victim and the victim's dependents.

Your Committee on Judiciary and Corrections is in accord with the intent and purpose of **H. B. No. 2080-74** and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 274-74 Higher Education on H. B. No. 2846-74

The purpose of this bill is to provide for the establishment of a special fund for testing services at the University of Hawaii's College of Tropical Agriculture.

For a number of years the College of Tropical Agriculture provided free soil testing services to the public. In 1970 and 1971 the Legislature mandated that the College also provide plant tissue and forage testing. Funds were provided to establish the program but they have since become inadequate to meet the demand for the testing services.

The establishment of a special fund will enable the College to charge fees for these testing services, to apply the revenues obtained towards the purchase of material and supplies, and to pay student help required for testing program operations. Your Committee heard Dr. C. Peairs Wilson of the College of Tropical Agriculture who testified that charges for testing services will be nominal and will range from \$2.00 to \$10.00. Revenues for the fiscal year 1974-75 are projected at \$7,000.

Your Committee on Higher Education is in accord with the intent and purpose of **H. B. No. 2846-74** and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 275-74 Higher Education on H. B. No. 1387

The purpose of this bill, as amended, is to establish a Program of Tropical Agriculture at the University of Hawaii-Hilo and to offer a four year baccalaureate program designed to meet the needs of the Island of Hawaii.

Your Committee on Higher Education is in accord with the intent and purpose of **H. B. No. 1387**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 1387, H. D. 1**, and be recommitted to the Committee on Higher Education.

Signed by all members of the Committee.

SCRep. No. 276-74 Higher Education on H. B. No. 3037-74

The purpose of this bill, as amended, is to establish University of Hawaii revolving funds in three areas: (1) diplomas and transcripts; (2) student health services; and (3) each community college's vocational and technical courses of instruction.

Your Committee finds that presently, the aforementioned three areas are funded out of the State general fund. The programs presently receive revenues in the form of fees charged for various services, etc., which revenues are then deposited into the State general fund. However, the services offered in these three areas have been severely curtailed and restricted because of the limitations of their respective general fund allocations.

For example, your Committee heard from Mrs. Dorothy Matsuo of the University of Hawaii's Student Health Services, who stated that the demand for health services cannot be met within the restrictions of the program's allocated funds. Students presently pay for special services and medical supplies, such as infirmary services, allergy shots, and other pharmaceutical goods. All receipts from students are deposited into the State general fund, but students are unable to obtain services and/or supplies on a continuing basis once the allocated funds are used, even though the students are willing to pay for such services and supplies. Establishment and use of a revolving fund would allow replenishment as necessary and provide for continuing availability of medical services and supplies on a self-supporting basis.

Your Committee finds that analogous situations exist in the areas of diplomas and transcripts and the community colleges, vocational and technical courses of instruction. In deliberation, your Committee expressed particular concern for such operations because they are service-oriented and are self-supporting.

Your Committee on Higher Education is in accord with the intent and purpose of **H. B. No. 3037-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 3037-74, H. D. 1**, and be

referred to the Committee on Finance.

Signed by all members of the Committee.

**SCRep. No. 277-74 Public Health and Welfare
on H. B. No. 2499-74**

The purpose of this bill is to provide an appropriation of \$200,000 or so much thereof as may be necessary to match federal funds under Title IV-A of the Social Security Act for the purchase of additional child care services.

The field of child care services is a developing area meeting the needs of children under five years of age. Developmental studies of children have noted that these pre-school years are of vital importance in the development of a child. A good pre-school environment reaps the benefits of a healthy and contributing adult. An adverse pre-school environment could contribute to the development of a maladjusted adult who would need remedial services throughout his adult years to maintain and function in society. As a result, emphasis is being placed on the pre-school years through the provision of services for pre-school children in the area of education, health, and social services.

The State of Hawaii is approaching its ceiling in the money allotted to it under Title IV-A of the Social Security Act. The amount of \$200,000 requested in this bill would provide the last necessary money to complete funding for child care services under the present child care system in the State. Testimony revealed that this appropriation would enable an equal geographic distribution of State appropriated matching funds, service gaps to be filled by new programs where necessary, and the building up of Title IV-A resources in some programs so that there will be assets, not drains on available community resources. It would also allow extension of services to previously passed over target groups, such as infants and toddlers and school age children.

Your Committee on Public Health and Welfare is in accord with the intent and purpose of **H. B. No. 2499-74** and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

**SCRep. No. 278-74 Public Health and Welfare
on H. B. No. 2498-74**

The purpose of this bill is to require certain immunizations and a tuberculin test of all children entering any school in the State for the first time. In addition, a health certificate is required attesting to the fact that the child has undergone a physical examination. If a child does not comply with the requirements for immunization and a tuberculin test at the time of entrance into school, a provisional entrance shall be permitted provided that the full requirements are completed

within three months of entrance into school. If presentation of health certificate is not made, then the child may be barred from attending school after a one-month period for compliance.

Testimony presented before your Committee emphasized the need for such health and immunization requirements for children entering school in the State. A study of immunization conducted by the department of health revealed that approximately thirty to forty percent of the children in school in the State have incomplete immunization. The institution of the provisions of this bill would improve the immunization levels of school children and prevent outbreaks of the common childhood diseases which tend to interrupt school attendance. It should also pre-empt the need for special immunization clinics which in the past have been necessary to raise immunization levels in certain schools.

Under present law, the compulsory school attendance requirement supersedes the requirement of obtaining immunizations as prescribed by the department of health. Consequently, children are allowed to remain in school without completing proper immunizations or having physical examination. The effect of this bill then, would be to give equal emphasis to the health of the child that non-compliance could result in exclusion from school attendance.

Your Committee has amended **House Bill No. 2498-74** to conform with testimony presented before your Committee by the various departments, agencies, and private organizations concerned with the problem of immunization. To this end, your Committee has amended the bill as follows:

(1) The definition of "school" has been amended to include any school in the State, both public and private, including all pre-elementary institutions, elementary, secondary and special schools. The original definition limited the term "school" to day care facilities, pre-schools, child care centers, nursery schools, or elementary schools, both public and private.

(2) Tuberculin testing has been added as part of the requirement for entry into school in combination with the provisions relating to immunization. In the original bill, tuberculin testing was a separate item. As a result of this inclusion, the same provisions which apply to children who do not conform to the requirements of the department of health in immunization would apply to those not complying with the tuberculin test requirement.

(3) The department of health has been made the enforcement agency for the health requirements. Under the original bill, there was some confusion as to whether the department of health or the department of education would enforce the requirement. Under the amended provisions, the department of education would refer those children not complying with the requirements to the department of health for enforcement purposes.

(4) Changes in the language relating to children who qualify for exemptions have been made. Under the original bill, the language required the parent, guardian or person in loco parentis to a child to be a bonafide member of a religious organization whose teachings are contrary to the practices required for immunization. The new language provides for exemption to be allowed if any "parent, custodian, guardian, or any other person in loco parentis to a child objects to immunization in writing on the grounds that such immunization conflicts with his bonafide religious tenets and practices." Such language was amended to avoid any constitutional questions which may arise due to preferential status given to recognized religious organizations as opposed to persons with equally sincere and personal religious beliefs but who do not belong to a religious organization.

(5) The provision relating to the requirement for physical examinations has been more clearly spelled out. The original bill only implied that a physical examination was required.

(6) Provisions relating to entry into school without immunization, tuberculin test or physical examination has been amended to allow a three-month compliance period after which the department of education shall refer such non-compliance to the department of health. The department of health shall then send notice stating that compliance is required within thirty days. If the child has not completed the requirements within that thirty days, he shall not be admitted to school.

(7) The provision relating to distribution of health certificates has been amended to provide for the department of education to be responsible for such distribution. The original bill made the department of health responsible.

(8) Technical amendments were made to provide for consistent usage of terms and appropriate designation of sections, subsections, and paragraphs.

(9) The existing chapter 298 has been renumbered as Part I.

Your Committee on Public Health and Welfare is in accord with the intent and purpose of **H. B. No. 2498-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2498-74, H. D. 1** and be referred to the Committee on Education.

Signed by all members of the Committee.

SCRep. No. 279-74 Public Health and Welfare on **H. B. No. 1637**

The purpose of this bill is to provide for the expansion of the Foster Grandparent Program to serve nonretarded children and to include recreational, educational, and guidance services to those non-retarded children, Monday through Friday, from 2:30 to 5:30 p.m.

The Foster Grandparent Program operated by the Department of Social Services and Housing under Title VI of the Older Americans Act of 1965, as amended, is a federally financed program requiring matching state funds. Under the program, low-income senior citizens are "employed" for the purposes of providing services to children receiving care in hospitals, homes for dependent and neglected children, or other establishments providing care for children with special needs. In Hawaii, the program has been focused on the care of mentally retarded children at Waimano Hospital and at the Hawaii Association for Retarded Children. There are some seventy-eight senior citizens participating in the program.

The success of the program stems from its dual purpose. First, it provides senior citizens an avenue to contribute their talent, time, and service to the community, providing many with a sense of self-worth through a meaningful activity—the caring of mentally retarded children. In addition, low-income senior citizens supplement their income through the payment for their services. Secondly, the program benefits those children with special needs who demand the individualized attention that a foster grandparent can provide. Program statistics show that while over sixty-five per cent of the participants are over seventy years of age, they provide services to one hundred and fifty-six children annually.

Your Committee recognizes the needs of the nonretarded children with special needs who may require supervised activity between the hours of 2:30 p.m. and 5:30 p.m. However, your Committee also notes that the present Foster Grandparent Program is confined to the City and County of Honolulu. In view of this fact, your Committee feels that expansion of the program should be to the neighbor island counties. Eventually, it is expected that the Foster Grandparent Program will be expanded to include a statewide system for all children with special needs.

Your Committee has amended **House Bill No. 1637** by deleting the provisions expanding the program services to nonretarded children and by adding provisions to expand the Foster Grandparent Program to the other counties in the State. An appropriation of \$63,000 has been provided.

Your Committee on Public Health and Welfare is in accord with the intent and purpose of **H. B. No. 1637** as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 1637, H. D. 1**, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 280-74 Public Health and Welfare on **H. R. No. 50**

The purpose of this resolution is to request the department of health to meet and confer with the

federal government so that improved health screening procedures can be instituted for immigrants. If such screening methods prove unfeasible, the department of health is further requested to discuss with the federal government methods of providing improved health care services to immigrants with the federal government bearing a greater share of the cost. The department is requested to submit a status report of its discussions with the federal government before the 1975 legislature.

Present federal immigration regulations require that a person immigrating to the United States on a permanent visa is required to undergo a medical examination as a prerequisite to entry. The medical examinations have been conducted by foreign physicians under contract to the Public Health Service. Recently, however, dictates of the United States government to lessen the balance of payments to foreign governments have caused the Public Health Service to appoint foreign physicians to conduct medical examinations and require the immigrant to pay for the medical examination. The whole program is under ongoing evaluation by the Center for Disease Control, U.S. Public Health Service, to assure the quality of examinations performed overseas.

The concern of your Committee lies in the high incidence of tuberculosis and leprosy in the State of Hawaii.

Tuberculosis. According to the testimony submitted by the department of health, it was found that Hawaii has experienced a continuing high incidence rate — the highest of all the states in the nation and twice as high as the national average. In tuberculin reactor tests, figures show that some twenty percent of the adult population in the State show high reactions. The national average for such reactions is eight percent.

Of the 1972 active cases reported for tuberculosis, 204 or 64.7 percent of the 315 reported active cases were in foreign-born residents. Only 93 or 29.5 percent were Hawaii-born individuals and 18 or 5.7 percent were mainland-born persons.

Leprosy. The second communicable disease which afflicts many foreign-born persons is leprosy. According to the Assistant Surgeon General of the United States Public Health Service, the incidence rate of leprosy is highest among those who come to Hawaii from the Philippines and Samoa. Also the length of residence in the State before detection of leprosy is made was between 5-9 years. This means that the detections of leprosy in those who do not have an active disease is almost impossible at the time of entry.

Your Committee is aware that the department of health has been in contact with the Public Health Service and U.S. Immigration officials to improve the present health examinations system for immigrants on permanent visas. However, progress has been almost negligible as noted by the

continuous rise in incidence of tuberculosis and leprosy over the past few years. Accordingly, your Committee is concerned with the increasing cost to the State of providing health care services to immigrants and this resolution is intended to reemphasize the legislature's concern about this health problem and need for immediate remedies to correct the rising incidence of tuberculosis and leprosy.

Your Committee on Public Health and Welfare concurs with the intent and purpose of **H. R. No. 50** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 281-74 Public Health and Welfare on H. B. No. 2603-74

The purpose of this bill is to appropriate funds for additional staffing at the present Kona Hospital for personnel in the business office and additional professional nurses. Further, it provides staffing for the new hospital through an additional ten full-time registered nurses and an anesthetist.

The sum required for the appropriation is \$87,000.

Your Committee on Public Health and Welfare is in accord with the intent and purpose of **H. B. No. 2603-74**, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as **H. B. No. 2603-74, H. D. 1.**

Signed by all members of the Committee.

SCRep. No. 282-74 Public Health and Welfare on H. B. No. 2437-74

The purpose of this bill is to appropriate funds to correct the deficiencies of staffing, equipment, and instruments at the Honokaa Hospital to insure the delivery of better health services.

Your Committee on Public Health and Welfare is in accord with the intent and purpose of **H. B. No. 2437-74** and recommends its referral to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 283-74 Public Health and Welfare on H. B. No. 2679-74

The purpose of this bill is to provide additional funds to the Salvation Army detoxification center to fund an audited deficit and to provide funds to maintain operations during the fiscal year 1974-75.

The Salvation Army detoxification center is the only detoxification center offering ambulatory care for persons intoxicated by alcohol. It operates on contract to the Department of Health.

Decriminalization of public drunkenness in 1969 necessitated the establishment of a detoxification center. Upon the request of the Department of Health, the Salvation Army prepared a budget for a proposed detoxification unit. From a proposal of \$200,000, the actual allocation from the Department of Health was \$105,000. The Salvation Army then designed a program to fit the budget. At that time, also, an agreement was reached that budget adjustments would be made based on experience and cost. Such an adjustment review has never been implemented as evidenced by the fact that the detoxification center has run at a deficit since inception.

Relocation of the center and the institution of a new administrative relationship to coincide with a NIMH staffing grant allowed the original deficit to be written off. However, from May 1972, when new administrative operations began, and December 1973, a deficit of \$20,000 was incurred. In addition, the detoxification center officials report that an additional \$30,000 would be needed for fiscal 1974-75 to keep the center at operational level.

Your Committee recognizes the importance of the detoxification center as the cornerstone for treatment of alcoholics. Your Committee further recognizes that the present care center is the only center providing services of its type. Hospitals and other medical facilities do not provide detoxification services unless the person is also suffering from medical complications. Referrals from hospitals and other medical facilities are made to the detoxification center. It is, therefore, imperative that provision be made for adequate detoxification services through sufficient funding.

Your Committee on Public Health and Welfare is in accord with the intent and purpose of **H. B. No. 2679-74**, as amended herein and recommends that it pass Second Reading and be referred to the Committee on Finance in the form attached hereto as **H. B. No. 2679-74, H. D. 1**.

Signed by all members of the Committee.

SCRep. No. 284-74 Public Health and Welfare on H. B. No. 2389-74

The purpose of this bill is to appropriate \$44,000 out of the general revenues of the State of Hawaii for the establishment and operation of a detached counselor drug abuse treatment service in Kaneohe, Oahu, as part of the planned Oahu Coordinated Drug Treatment Services System.

Your Committee finds that drug abuse has become a serious problem especially among the young on the windward side of the Island of Oahu. Because of the rapid growth in that area there are inadequate facilities to cope with the complex problems related with drugs. Your Committee further finds that by establishing a drug abuse center in Kaneohe, specialized personnel and facilities would be available to administer a successful program against drug abuse.

Your Committee on Public Health and Welfare is in accord with the interest and purpose of **H. B. No. 2389-74**, as amended herein, and recommends that it pass second reading in the form attached hereto as **H. B. No. 2389-74, H. D. 1**, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 285-74 Higher Education on H. R. No. 20

The purpose of this resolution is to direct the University of Hawaii to incorporate the advice of students and field professionals into curriculum affairs by formally including them as voting members of all curriculum committees of departments, group majors, and professional schools.

It is recognized that the University of Hawaii is already practicing the principle of increased student participation in matters related to curriculum. Richard H. Kosaki, Vice President for Academic Affairs, noted to your committee that students presently hold voting memberships on curriculum and academic standards committees of the Board of Regents, the University of Hawaii at Manoa, the University of Hawaii at Hilo, and the Community Colleges. Also, experienced field professionals constitute a major portion of the members of occupational advisory committees, in the vocational and trade areas.

Your Committee upon consideration of this resolution is aware of the present efforts of the University of Hawaii to include students and professionals on curriculum committees and recommends that the resolution be amended as follows:

(1) That the first resolved clause be amended to encourage the University of Hawaii to continue its practice of including students and professionals in planning and evaluating curriculum matters.

(2) That the second resolved clause be amended to provide that the University of Hawaii submit to the Legislature a report of the nature of the activities of the various curriculum-related committees.

Your Committee on Higher Education concurs with the intent and purpose of **H. R. No. 20**, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as **H. R. No. 20, H. D. 1**.

Signed by all members of the Committee.

SCRep. No. 286-74 Labor and Public Employment on H. B. No. 2801-74

The purpose of this bill is to amend present law relating to retirement benefits by providing for the treatment of pensioners who retire and return to service. At present, no provision is made for such pensioners.

This bill will fill in the gap in the law and proposes to continue the present practice under administrative rules with the exception that if a member has at least three (3) years of credited service during the period of his re-employment, his benefit shall be computed as if he had retired for the first time, provided, however, that the benefit computed in this manner shall not be less than that which would have been obtained if computed under present practice.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H. B. No. 2801-74, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 287-74 Labor and Public Employment on H. B. No. 2187-74

The purpose of this bill is to assess the several counties their pro-rata share of the cost of administering the Hawaii Public Employees Health Fund, and to clarify the language of prior amendments to Chapter 87, Hawaii Revised Statutes.

Since its inception in 1962, the cost of administering the Health Fund has been borne solely by the State. This bill will distribute costs of administration among the governmental subdivisions whose employees receive and enjoy the benefits of the Health Fund.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H. B. No. 2187-74 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 288-74 (Majority) Labor and Public Employment on H. B. No. 1501

The purpose of this bill, as amended, is to amend present law relating to retirement of public officers and employees by providing that appointed department heads, appointed deputy department heads, officers of the legislature, salaried full-time members of boards appointed by the governor, district judges and district family judges to be entitled to the same retirement benefits currently provided for judges and elected officers.

Presently, the Retirement Service provides retirement benefits computed on different formulas for three different groups, general employees, policemen and firemen, and judges and elected officers.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H. B. No. 1501, as amended herein, and recom-

mends that it pass Second Reading in the form attached hereto as H. B. No. 1501, H. D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

Representatives Leopold, Poepoe, Wakatsuki and Wong did not concur.

SCRep. No. 289-74 Water, Land Use and Development on H. B. No. 2425-74

The purpose of the bill is to facilitate the maintenance and growth of agriculture as a primary base of the State's economy by expanding the opportunities and incentives for those persons wishing to enter farming. The bill amends those laws relating to eligibility requirements for loans under the new farmer program, and the provision of land on which new farmer enterprises may be developed. Further, the bill would broaden the avenues by which public lands may be used for agricultural purposes including agricultural parks.

Your Committee finds that the support for such a bill by both private and public agencies is almost unanimous. Both the departments of land and natural resources and agriculture testified that they were in agreement with the intent of the bill with certain changes involving better administration of the provisions of the bill.

Your Committee further finds that as part of an agricultural development program, it is not enough to merely state that we support the development of agriculture. Action must be designed to supplement intent. To this end, your Committee feels that this bill would provide greater opportunities and incentives for new farmers entering into agricultural enterprises. The explicit statement that persons in the new farmer program will receive preference in the disposition of public lands under the agricultural parks programs is indicative of the type of action support that your Committee finds necessary in agricultural development.

Based on the testimony presented, your Committee has amended **House Bill No. 2425-74** in the following manner:

(1) Section 2 of the bill amending chapter 141, Hawaii Revised Statutes, has been deleted.

(2) Section 3 of the bill has been renumbered as Section 2, and the definition of "new farmer program" under section 155-1, Hawaii Revised Statutes, has been amended back to its original form to include the reference to eligibility requirements of section 155-1, Hawaii Revised Statutes.

(3) Section 4 of the bill has been renumbered as Section 3, and subsection (c) under section 171-59, Hawaii Revised Statutes, which was added in the original bill has been deleted. Further, the amendment to section 171-65, Hawaii Revised Statutes, has been further amended to provide the depart-

ment of land and natural resources discretionary powers in the disposition of lands for farm lots, pasture, and special livestock uses. Formerly, the department had no discretionary powers in the method of disposition.

(4) In amendments to part V of chapter 171, Hawaii Revised Statutes, relating to lands for agricultural purposes, the section relating to agricultural park improvements has been deleted. The section relating to public lands for agricultural park purposes has been deleted. In addition the reference that lands be compatible has been deleted.

(5) Section 171-116, Hawaii Revised Statutes, relating to land dispositions of agricultural parks, has been amended to provide the department of land and natural resources discretionary powers to decide the portion of such disposition to be provided for persons who qualify under the new farmer program.

(6) All sections affected by amendments being added and deleted in the newly numbered Section 3 of the bill have been appropriately numbered.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of **H. B. No. 2425-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2425-74, H. D. 1**, and be referred to the Committee on Agriculture.

Signed by all members of the Committee.

SCRep. No. 290-74 Water, Land Use and Development on **H. B. No. 3005-74**

The purpose of this bill is to amend the existing law by allowing freshwater fishing and hunting licenses and badges to be issued to persons sixty-five years of age and older and for these licenses to be valid for the lifetime of the license recipient.

The granting of this special privilege is in recognition of the many years of fruitful and productive efforts contributed to our State by our Senior Citizens. Since fishing and hunting offer very healthful outdoor recreational outlets, positive encouragement in this direction should be extended to our senior citizens.

After testimony on this bill was heard, however, it was determined that the issuance of a lifetime license would be difficult to control as far as administrative records and enforcement were concerned. Therefore, to resolve this problem, amendments to allow for the issuance of freshwater fishing and hunting licenses without cost to persons sixty-five years of age and older on an annual basis are recommended.

Your Committee upon consideration of this bill recommends the following amendments:

1. Section 1 of the bill be amended to provide

that no fees or charges be made for licenses and badges issued to persons sixty-five years of age and older.

2. Section 2 of the bill be amended to provide that no fees or charges be made for licenses and badges issued to persons sixty-five years of age and older.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of **H. B. No. 3005-74** as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 3005-74, H. D. 1**, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 291-74 Public Health and Welfare on **H. B. No. 1520**

The purpose of this bill is to make lawful the sale of prophylactics in mechanical coin-operated machines except on the premises of any school in the State. The department of health is authorized to promulgate rules relating to the sale of prophylactics.

The sale of prophylactics in vending machines would provide an alternate source for such articles after drugstores close for the night. The purpose of such availability and proper use of prophylactics would have influence in the prevention of venereal disease.

Your Committee on Public Health and Welfare is in accord with the intent and purpose of **H. B. No. 1520** 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. 292-74 Transportation on **H. B. No. 2408-74**

The purpose of this bill is to add a new section to the Statewide Traffic Code to provide that the driver of any vehicle shall yield the right of way to any authorized vehicle or pedestrian actually engaged in work upon a highway within the highway construction or maintenance area as indicated by official traffic control devices. It is further the purpose of this bill to provide that any driver of a vehicle yield the right of way to any authorized vehicle obviously and actively engaged in highway work whenever such vehicle displays flashing lights meeting requirements which the state highway safety coordinator is directed to establish.

This new section was added to the Uniform Vehicle Code after the adoption of the Uniform Code by Hawaii. In the most recent supplement to the Uniform Vehicle Code, Hawaii was adversely rated concerning this area and Hawaii should correct this by adopting the suggested new section.

Your Committee on Transportation is in accord with the intent and purpose of **H. B. No. 2408-74** 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. 293-74 Housing on H. B. No. 2056-74

The purpose of this Act is to amend Chapter 359-9, Hawaii Revised Statutes, to allow the Farmers Home Administration and any other federal agency, the same repurchase rights to Act 105-sponsored units that are conferred upon the Federal Housing Administration. By conferring the repurchase rights to the Farmers Home Administration, that agency would be exempt from the current buy-back provision in Chapter 259G which now prohibits resale of a HHA-sponsored unit to anyone except the Housing Authority and the Federal Housing Administration.

Under the present law, the Farmers Home Administration would not be able to make available long term mortgage loans to qualified borrowers in State housing projects as the agency feels that the buy-back restriction would: 1) prevent the right of a borrower to transfer his loan to another eligible mortgagor or voluntarily convey the property back to the Government; 2) prevent or hinder the disposition of a unit that is acquired by the Government through a foreclosure sale or voluntary conveyance by a mortgagor; 3) jeopardize the Government's investment in the property if the formula for computing the sum to be paid upon repurchase is not sufficient to allow the Government to recoup its money upon the transfer.

Your Committee finds that the current limitation of repurchase rights to the Federal Housing Administration has prevented the Farmers Home Administration from actively participating in Act 105 housing projects. This participation would be in the form of long term mortgage financing for projects in which the State has loaned interim construction money. With the financial arrangement the Hawaii Housing Authority would be able to concentrate its allocation of bond proceeds to short term housing financing which turnover rapidly, therefore increasing the effectiveness of that money. Moreover, the fuller utilization of Farmers Home Funds would be especially significant to county housing programs as federal housing subsidies through FHA 235 and 236 programs are no longer available.

Your Committee on Housing is in accord with the intent and purpose of **H. B. No. 2056-74** 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. 294-74 Judiciary and Corrections on H. B. No. 2271-74

The purpose of this bill is to make clear that a person who, in his or her capacity is a member of a staff of a public library, disseminates to a minor material which is subsequently held to be "pornographic for minors" is not guilty of a penal offense.

Your Committee on Judiciary and Corrections is in accord with the intent and purpose of **H. B. No. 2271-74** 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. 295-74 Judiciary and Corrections on H. B. No. 1195

The purpose of this bill is to restrict the sale of residential dwelling units by private developers who have received State or County aid, loans or funds in the development of such dwelling units. These restrictions would preclude the sale of such dwelling units to the following classes of persons: (1) anyone who already has a lot in the development; (2) anyone whose spouse has purchased a lot in the development; (3) anyone whose annual gross income, including the income of his or her spouse, exceeds \$20,000; (4) anyone who, or whose spouse, or both of them, owns or is a lessee of land suitable for residential use.

Your Committee has amended Section 1 of the bill by inserting the word "financial" before the word "aid" in line 12, page 1. The purpose of this amendment is to make clear that the restrictions apply only to developers who receive financial aid and not to developers who receive financial aid and not to developers who might receive other types of assistance from the State or a County.

Your Committee on Judiciary and Corrections is in accord with the intent and purpose of **H. B. No. 1195, H. D. 1**, as amended herein, and recommends that it pass Second Reading in the form attached hereto or **H. B. No. 1195, H. D. 2**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 296-74 (Majority) Consumer Protection/Judiciary and Corrections/Finance on H. B. No. 2480-74

The purpose of this bill is to amend the Hawaii no-fault law, Act 203, Session Laws of Hawaii, 1973 which was enacted and designed to provide:

(1) A speedy, adequate and equitable reparation for those injured or otherwise victimized by automobile accidents regardless of fault;

(2) The stabilization and reduction of motor vehicle insurance premium rates;

(3) Each licensed driver or owner of a motor vehicle an easy and procedurally uncumbersome system for the purchase of insurance at reasonable

costs;

(4) A compulsory insurance system to assure all victims the benefits of the law; and

(5) Adequate control measures to regulate the insurance industry and to protect consumers from abuses.

Your Joint House Committees on Consumer Protection, Judiciary and Corrections, and Finance have corrected a technical error in **H. B. No. 2480-74, H. D. 1** by removing the brackets of the first sentence of Section 294-6 (a) on page 11 to read as follows:

“(a) Tort liability of the owner, operator or user of an insured motor vehicle, or the operator or user of an uninsured motor vehicle who operates or uses such vehicle without reason to believe it to be an uninsured motor vehicle, with respect to **accidental harm arising from** motor vehicle accidents occurring in this State, is abolished, except as to the following persons or their administrators, executors, or legal guardians, and in the following circumstances:”

Your House Committees on Consumer Protection, Judiciary and Corrections, and Finance are in accord with the intent and purpose of **H. B. No. 2480-74, H. D. 1** as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2480-74, H. D. 2**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

Representatives Kato, Uechi and Wong did not concur.

SCRep. No. 297-74 Legislative Management

Informing the House that **House Resolution Nos. 446 to 452, Standing Committee Report Nos. 298-74 to 316-74 and Special Committee Report Nos. 6 and 7**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 298-74 Higher Education on **H. B. No. 2600-74**

Your Committee recognizes that the areas of financial aid and non-resident tuition differential vitally affect the students of the State's higher education programs at the University of Hawaii. The increasing cost of living, the tentative tuition increases, and the introduction of new and rigorous programs into the University without concurrent adjustment of financial aid programs places an unreasonable burden upon students at all levels of higher education. Your Committee has addressed itself to these and related problems; the purpose of this bill is to solve some of these problems.

Section 1 of the bill provides a new definition for a financial aid unit. The current definition of

a financial aid unit precludes re-award of tuition waivers and scholarships vacated at mid-year. The new definition allows such re-award, and also, will allow the “splitting” of financial aid units. Such splitting will provide a positive solution to the problem of assisting students who apply for financial aid solely because of increase in tuition; that is, two students would be able to share one unit by each being awarded half a unit. Also, certain programs which have relied heavily on State scholarship and tuition waivers in order to maintain viability, such as the marching band, may be able to increase the number of participants substantially by splitting financial aid units.

Your Committee recommends an amendment to increase the number of financial aid units to meet the rising need for financial aid units to meet the rising need for financial aid; your Committee believes that the increase is necessary and desirable. The increased number of financial aid units will permit sixty (60) scholarship awards to students of the law school and seventy-five (75) scholarship awards to students of the medical school. Students in law and medicine programs devote a great deal of time to their classwork, and face a severe lack of time for part-time employment to defray education costs. These scholarships would be a replacement for such lack of work opportunities; the only present source of funds for such students are student loans. Your Committee further recognizes that many of these students may already be indebted due to student loans they have made during their undergraduate years.

The increase in financial aid units will also allow sixty (60) of the new units to be allocated to women athletes. Donnis Thompson, Women's Interim Athletic Director informed your Committee that the body governing women's athletics recently rescinded its rule relating to the non-granting of scholarships to women, in response to a court ruling that it is discriminatory for an institution not to grant students comparable financial aid in women's inter-collegiate athletic programs.

Section 1 of the bill further provides that 15% of the financial aid units may be awarded to well-qualified students on a semester basis; this provision is needed because continued participation in special activities such as intercollegiate athletics and marching band cannot be mandated.

The section also would allow award of financial aid to part-time students. Your Committee feels that part-time students have been neglected for too long. Statistics submitted by the University indicate the following part-time student percentages of total enrollment:

University of Hawaii, Hilo College	23%
University of Hawaii, Manoa	24%
Kapiolani College	29%

Honolulu College	33%
Hawaii College	34%
Maui College	36%
Leeward College	44%
Kauai College	47%
Windward College	49%

In Hawaii, the largest single category of students to benefit from the proposed change to allow financial aid award to part-time students would be mothers of young children whose family responsibilities and economic situations cannot provide for full-time educational pursuits. A more desperate plight is faced by mothers of young children who hold jobs which provide their sole source of income.

An additional amendment recommended by your Committee allows the Board of Regents to extend financial aid assistance beyond four years, but only to students demonstrating exceptional circumstances.

Your Committee recommends that a new section 2 be inserted into the bill. Such section grants eligibility to students in certificate programs for financial assistance in the form of loans. President Harlan Cleveland and A. L. Ellingson, Dean of Students of the University of Hawaii both presented testimony to your Committee in favor of extending loan eligibility to

students in certificate programs.

Your Committee further recommends an amendment to provide 200 scholarships to graduate students who are both well-qualified and in need of such financial assistance. Your Committee is convinced that providing such scholarships is in the best interest of Hawaii's residents. Graduate education is a highly competitive field; without such awards to attract foreign and mainland students as well as local students to the graduate programs, the University may not be able to maintain either the necessary enrollment or academic standards essential to a high quality program. In providing these scholarships, highly valuable teaching and research assistantships will not be diverted from resident students to maintain adequate enrollment levels.

A new section 4 recommended by your Committee deals with the non-resident tuition differential policy. In 1969, Act 278 provided that non-resident tuition shall be not more than four times the tuition of resident students, and not less than \$680. **House Standing Committee Report No. 255**, recommended that the multiplier for non-resident tuition be set at 4 because the national tuition differential was 3.5. It acknowledged that any future change in the resident tuition would result in considerable increase in the non-resident tuition.

Recently, the Board of Regents adopted a new tuition schedule which substantially increases tuition levels. The tentative schedule is as follows:

	Full Time Resident Students		Full Time Non-Resident Students	
	Fall '74	Fall '75	Fall '74	Fall '75
Community Colleges	60.00	80.00	690.00	690.00
UH/Hilo (Lower division)	60.00	80.00	690.00	690.00
UH/Hilo (Upper division)	253.00	300.00	690.00	690.00
Other 4-Year Colleges	297.00	400.00	1,188.00	1,600.00
University (undergraduates)	322.00	450.00	1,288.00	1,800.00
Graduate (except Law & Medicine)	372.00	550.00	1,488.00	2,200.00
Law School	410.00	625.00	1,640.00	2,500.00
Medical School	447.00	700.00	1,788.00	2,800.00

In reviewing the State's policy regarding non-resident fees, your Committee has considered several factors:

A. The non-resident differential policy affects less than 2,000 students with the University system, and thus has little impact on the total State realization from University tuition.

B. The national tuition differential for non-residents has dropped, decreasing from 3.5 in 1969 to about 2.6 in 1973.

C. Since 1969, the University of Hawaii has developed academic excellence in several fields wherein the contribution of mainland and foreign students would strengthen the quality of edu-

cational opportunities of resident students.

These major factors collectively and basically alter the environment in which the policy relating to an out-of-state tuition differential was first made. **House Standing Committee Report No. 78, 1969**, stated that "non-resident tuition differential...will help to offset a portion of the rising cost of higher education". Yet, many people were also concerned that too many students, particularly non-residents, were trying to get into the University of Hawaii. The non-resident tuition was thought to be the proper mechanism by which the influx of non-resident admissions could be controlled. However, the main factor in controlling non-resident admissions has not been the tuition differential, but the University's Control Growth Policy which sets out-of-state quotas for each University of Hawaii campus.

The Board of Regents' decision to increase the tuition at Manoa by 50% for the year beginning Fall, 1974 and another 50% for the year beginning 1975 may prove to be burdensome to non-residents and may influence our current enrollment mix of non-residents and residents. It should be left to a permanent, ongoing policy-making body such as the Board of Regents to set non-resident tuition as part of the University's total education policy. Your Committee feels strongly that non-resident tuition should be at least double the resident tuition; however, your Committee recommends that the Board of Regents be given the authority to set non-resident tuition rates. The recommended amendment so provides, in addition to an added stipulation that tuition rates set for non-residents shall be higher than tuition rates set for residents.

For the purposes of consistency, your Committee also recommends that this bill should be further amended as follows:

(a) Sections 2 and 3 be changed to sections 5 and 6, respectively.

Your Committee on Higher Education is in accord with the intent and purpose of **H. B. No. 2600-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2600-74, H. D. 1** and that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 299-74 Transportation on H. B. No. 2302-74

The purpose of this bill, as amended, is to establish a fund to be used in each county for the design, construction, and maintenance of bikeways and related facilities. The bill relates to financing for bikeways and registration of bicycles by the counties. It provides for an increase in the annual bicycle tax from \$1.00 to \$3.00, the creation of a bikeway fund into which all of the bicycle tax shall be deposited, the limitation of the bike-

way fund for bikeways, and the requirement that a dealer of bicycles, at the time for first sale of a bicycle, shall process its registration subject to a penalty.

Your Committee upon consideration of this bill has also amended it to include a section on findings and purpose, an addition to the provisions mentioned above. Your Committee has also amended the bill to require bicycle owners to furnish verification of the serial number upon initial registration by owners or transferees. Your Committee has adopted the suggestion of **BIKE IT**, to have decals issued after the present supply of metallic tags has been depleted. Finally, the effective date of this bill has been changed to January 1, 1975.

Your Committee on Transportation is in accord with the intent and purpose of **H. B. No. 2302-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2302-74, H. D. 1**, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 300-74 Public Health and Welfare on H. B. No. 45

The purpose of this bill is to allow minors to consent to medical treatment for venereal disease. Only with the consent of the minor patient being treated can the spouse, parent, custodian, or guardian of any minor patient be informed of the treatment for venereal disease. Minor consent to receive medical care and services does not make the spouse, parent, custodian or guardian of the minor patient liable for legal obligations resulting from such care. Minor patients shall assume all legal obligations as if he were an adult. Minors unable to pay for services shall be provided payment from fund established and designated as the venereal disease treatment for minors fund. The Department of Budget and Finance is made custodian of the fund. The Department of Health shall have final authority in determining state payment for medical care of venereal disease.

Further, the charges for removal of a sick or infected person to a hospital or other facility shall not apply to minors afflicted with venereal disease.

The bill also adds gonorrhea and syphilis to diseases declared infectious and communicable. An examination for gonorrhea has been included in the premarital examination requirements.

Your Committee heard testimony for and against the controversial issue of minor consent for treatment of venereal disease. Statistics reveal that the incidence of venereal disease is increasing particularly in the fifteen to nineteen year old age group. All other age groups declined or remained level for the same period. The two thousand four hundred reported cases of gonorrhea in 1973 represented a twenty per cent increase over 1972. The peak incidence of venereal disease in females

has been in the 15-19 age group. The peak age in males is 20-24. Recent improvements in screening and diagnostic procedures under a screening program in 1972 identified 400 asymptomatic females the largest percentage in the 15-19 age group. Moreover, fifty per cent were students.

The stigma of venereal disease presents the greatest obstacle to treatment. Many minors do not seek treatment for venereal disease because they fear the consequences of informing their parents of their condition. As a result, many cases of venereal disease go undetected and untreated, resulting in the further transmission of the disease and the medical complications which accompany untreated gonorrhea and syphilis.

Your Committee feels that the problem of venereal disease is of such importance that social and moral pressures should not prevent treatment. Consequently, if providing minors with medical consent for treatment of venereal disease would aid in the containment and prevention of the spread of the disease, then such consent should be provided.

Your Committee, however, recognizes the need to maintain the family as the primary unit responsible for the care of a minor child. The State does not wish to assume traditionally parental responsibilities. Your Committee, therefore, strongly recommends that as part of the venereal disease treatment program in conjunction with providing minor consent for treatment of venereal disease, a counseling program be developed to encourage minors to inform their parents of their treatment for venereal disease. Whenever possible, attempts should be made to open the lines of communication between parent and child.

Based on testimony presented before your Committee, the following amendments to **H. B. No. 45, H. D. 1**, have been made:

1. Section 2 of the bill which established a special fund to pay for treatment of minors who cannot afford such services has been deleted. The Department of Health has informed your Committee that such a fund is not necessary since treatment for venereal disease is provided without cost through the health clinics under a federal grant.

2. All references to Section 2 and the venereal disease treatment fund have been deleted from the bill.

3. The appropriation section has been deleted since federal funds are sufficient to carry out the intent of the bill.

Your Committee on Public Health and Welfare is in accord with the intent and purpose of **H. B. No. 45, H. D. 1**, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as **H. B. No. 45, H. D. 2**.

Signed by all members of the Committee.

SCRep. No. 301-74 Housing on H. B. No. 2688-74

The purpose of this bill is to allow usage of all bond proceeds authorized under Chapter 359G, Hawaii Revised Statutes, for the general purposes of Chapter 359G.

At present, all bond proceeds are deposited into the dwelling unit revolving fund pursuant to Section 359G-10. However, where bonds have been authorized for specific purposes, as, for example, for loan participation and down payment loans, maintenance of separate accounts within the dwelling unit revolving fund is necessary. As a result, legislative purpose and intent of the existing Section 359G-10 is frustrated; the intended consolidation of funds cannot occur because of the remaining restrictions on the usage of bond proceeds.

H. B. No. 2688-74 would remedy the situation by amending appropriate sections of Chapter 359G to allow full and flexible use of bond proceeds and the intended operation of the dwelling unit revolving fund.

This bill would also authorize the Governor to establish an entity within the Hawaii Housing Authority which would lend assistance to the general public, including welfare recipients, in locating units for rent or sale, counseling persons wishing to purchase or lease a home and in providing general information on governmental or private housing projects.

Your Committee has found that currently, housing assistance and information units have been established in a number of governmental agencies, including the Hawaii Housing Authority, the Department of Social Services and Housing, and the Department of Hawaiian Home Lands. This dispersal of services has led to a duplication of effort and inefficiency in the State's dissemination of housing information and aid. This bill would allow the Governor, through executive order, to establish one housing information, referral and counseling unit in the Hawaii Housing Authority, thereby consolidating these services.

Your Committee on Housing is in accord with the intent and purpose of **H. B. No. 2688-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2688-74, H. D. 1** and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 302-74 Housing on H. B. No. 2541-74

The purpose of this bill, as amended, is to amend Chapter 47, Hawaii Revised Statutes, relating to the issuance of bonds. Presently, the purposes for which bonds may be issued are defined in Section 49-1. By amending Chapter 47, bonds may be issued for any undertaking authorized by the provisions of general law aside

from Section 49-1.

Your Committee has amended this bill by changing its effective date to January 1, 1975.

Your Committee on Housing is in accord with the intent and purpose of **H. B. No. 2541-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2541-74, H. D. 1** and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 303-74 Environmental Protection on H. C. R. No. 36

The purpose of this Concurrent Resolution is to request cooperation between the Federal Governmental Agencies operating in the State and the State and counties in formulation of programs having an effect on the environment.

Your Committee feels that since the United States carries on a number of programs and projects in Hawaii that have an impact on the environment, and since United States of America has ownership or tenure of more than 355,000 acres of land in Hawaii, the use of which is important to the environmental quality of Hawaii, Federal Governmental agencies, including the military, should cooperate with the State and counties in environmental programs.

Your Committee upon consideration of this bill recommends the following amendments:

1. Elimination of the first paragraph, since the State has not yet adopted an Environmental Policy Act.

2. "State Environmental Policy Act" in paragraph four shall be changed to read "the State's environmental policies," and "implementation of environmental programs," shall be changed to read "implementation of their programs having an effect on the environment."

3. Inclusion of the military among those who shall receive copies of this Resolution.

Your Committee on Environmental Protection is in accord with the intent and purpose of **H. C. R. No. 36**, as amended herein, and recommends that it be referred to the Committee on Federal-State-County Relations in the form attached hereto as **H. C. R. No. 36, H. D. 1**.

Signed by all members of the Committee.

SCRep. No. 304-74 Environmental Protection on H. B. No. 2739-74

The purpose of this bill is to amend Chapter 11 of the Hawaii Penal Code, title 37, by adding a new section which makes loud, unnecessary or unusual noise a common nuisance and a petty misdemeanor.

Your Committee upon consideration of this bill recommends amending the bill to change the word "unusual" to "usual" as the intent of the bill is to make noise a common nuisance if it is disturbing to a person of usual sensibilities.

Your Committee on Environmental Protection is in accord with the intent and purpose of **H. B. No. 2739-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2739-74, H. D. 1** and be referred to the Committee on Judiciary and Corrections.

Signed by all members of the Committee.

SCRep. No. 305-74 Environmental Protection on H. B. No. 2860-74

The purpose of this bill is to amend Section 342 of the Hawaii Revised Statutes to include penalties for violations of the vehicular noise control regulations and the open burning control regulations.

Heretofore, the enforcement of the provisions of these regulations was done effectively by police officers. However, Judge F.T. Takao of the Fourth District Court recently expressed the concern that violations of vehicular noise control regulations and open burning regulations could not be enforced by police officers nor could violations be heard in the district courts because the penalty provisions as presently worded in Section 343-11 only provide that a civil action may be brought against violators. If such were the case, the Department of Health would be greatly hampered in its efforts to enforce its noise control regulations as well as the open burning regulations as it would lack the aid of police officers. The Department does not have the staff nor manpower to patrol the streets or other areas for violations of the vehicular noise regulations and open burning regulations. Only the police officers are practically suited for this type of activity.

In order to correct this, **S. B. No. 2058-74** proposes to amend Section 342-11, 342-22 and 342-42, to specify that they are violations as that term is defined in the Hawaii Penal Code so that the Police Department may actively enforce these regulations.

The bill, as proposed, inadvertently left out vehicular smoke emission as one of the control regulations promulgated by the Department of Health and which should be actively enforced by the police officers.

Your Committee upon consideration of this bill recommends the following amendments:

1. Vehicular smoke emission regulations shall be included in all sections which refer to noise control regulations.

2. The penalty for open burning control regulations shall be considered in a separate

section from the penalty for noise control regulations and vehicular smoke emissions.

3. Therefore Sec. 342-11 Penalties, has been amended by adding a new section (a) which relates to noise control regulations and vehicular smoke regulations, and eliminates open burning control regulations. Your Committee feels that the penalties imposed in the bill are too strict and has amended this paragraph to change the penalty from a fine not exceeding \$10,000 to a fine of not less than \$100 nor more than \$2500 for each separate offense.

4. Sec. 342-11 adds a new paragraph (b) which relates to open burning imposes the same penalty as Sec. 342-11 (a) of **H. B. No. 2860-74**. Paragraph (b) then becomes (c); paragraph (c) becomes (d); and paragraph (d) becomes (e).

5. Sec. 342-22 (1) is amended by adding "and the control of vehicular smoke emission" after the words "the control of open burning;"

Your Committee on Environmental Protection is in accord with the intent and purpose of **H. B. 2860-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2860-74, H. D. 1** and be referred to the Committee on Judiciary and Corrections.

Signed by all members of the Committee except Representative Wakatsuki who was excused.

SCRep. No. 306-74 Environmental Protection on H. B. No. 2547-74

Hawaii at the present time has no environmental policy for the State. The State should have an environmental policy, because it will provide a framework within which decisions can be made. The purpose of this bill is to establish a State environmental policy. This policy will guide future public and private actions that may have an impact on the environment.

Your Committee feels that an environmental policy is especially important in Hawaii, because these islands are unique, limited, precious and fragile. It is necessary to provide a high quality environment that at all times is healthful and pleasing to the senses and intellect of man. The maintenance of a quality environment for the people of this State now and in the future is a matter of statewide concern.

This bill calls on State and county agencies, boards, and commissions to develop standards and procedures necessary to protect the environmental quality of the State. Every State and county agency, board, and commission shall review its present statutory authority, rules, regulations, policies, and procedures to determine any inconsistencies or deficiencies in such provisions which would hinder compliance with the provisions of this Act, and shall propose to the Governor and the Legislature no later than January 1975, any measures necessary to comply

with the intent and policies of this Act.

The Environmental Council shall monitor the progress of these agencies, and shall receive reports from them annually. The Environmental Council shall prepare an annual report to the Governor, the Legislature, and the general public on the status of environmental conditions and recommend additional action necessary to protect and enhance the environment.

Your Committee on Environmental Protection is in accord with the intent and purpose of **H. B. 2547-74** and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Corrections.

Signed by all members of the Committee.

SCRep. No. 307-74 Environmental Protection on H. B. No. 2829-74

Your Committee finds that Hawaii should have an environmental policy, which will provide a framework within which decisions can be made. Since the State at present has no such policy, the purpose of this bill is to provide one.

Such a policy would provide a basis for the evolution of an environmental ethic among the citizens of Hawaii, bring an orderly change toward greater consideration of protection and enhancement of our natural environment, and provide a basis for future legislative actions of a specific nature which can implement these policies and guidelines.

The bill provides guidelines to aid government agencies in effectuating the purposes of this bill.

Your Committee on Environmental Protection is in accord with the intent and purpose of **H. B. No. 2829-74** and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Corrections.

Signed by all members of the Committee.

SCRep. No. 308-74 Environmental Protection on H. B. No. 2857-74

The purpose of this bill is to establish a system of environmental review at the State and county levels which will ensure that environmental concerns are given appropriate consideration in decision-making along with economic and technical considerations.

According to this bill environmental impact statements shall be required for all actions proposing the use of State or county lands or the use of State or county funds, except as otherwise provided within the bill, and all actions requiring discretionary approval, except as exempted by the rules and regulations promulgated pursuant to sec. 341-27 (d).

Your Committee on Environmental Protection

is in accord with the intent and purpose of **H. B. No. 2857-74** and recommends that it pass Second Reading and be referred jointly to the Committees on Judiciary and Corrections and Finance.

Signed by all members of the Committee.

SCRep. No. 309-74 Judiciary and Corrections on **H. B. No. 3047-74**

The purpose of this bill is to provide for the continuation of the Hawaii Legal Services Project of the Legal Aid Society of Hawaii by temporarily increasing the State matching share of funds pending receipt of federal funds.

The Hawaii Legal Services Project, which provides civil legal assistance to low income persons is funded primarily through federal funds and a matching State share. Because of an anticipated delay in federal funding for the year beginning April 1, 1974, the temporary use of additional State funds is necessary for the continuation of the project. Under the terms of this bill, upon receipt of federal funds, all State funds expended in excess of the matching share of \$58,515, will be reimbursed to the State.

Your Committee on Judiciary and Corrections is in accord with the intent and purpose of **H. B. No. 3047-74** and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 310-74 Judiciary and Corrections on **H. B. No. 2680-74**

The purpose of this bill is to appropriate \$267,000, to be expended by the Hawaii Office of Economic Opportunity for providing legal and related services to low-income persons during the 1974-75 fiscal year.

The Legal Aid Society of Hawaii, a non-profit eleemosynary corporation, has been providing civil legal services to low income persons who cannot otherwise afford private legal counsel since 1950. Since 1965, its program has been greatly expanded primarily through the Federal Office of Economic Opportunity and Model Cities grants. Of the \$800,000 presently available during the course of a calendar year for the projects administered by Legal Aid, approximately \$300,000 comes from the Model Cities Program administered through the Department of Housing and Urban Development. Of the approximately 8,000 cases handled annually by the Legal Aid Society, the two offices in Waiānae and Kalihi-Palama, operated with Model Cities funds, account for 3,000 cases or approximately 37%.

This year, Model Cities funding to the Legal Aid Society ends on June 30, 1974, with no realistic expectation of replacement federal funding. Unless state funds are made available to replace the federal funds, the programs administered by the

Legal Aid Society will have to be drastically curtailed because of lack of funds.

Your Committee believes that providing legal services to those who would otherwise be unable to afford legal counsel is an integral part of the State's commitment to assist lower-income persons to achieve economic self-sufficiency, better living conditions, and enhancement of self esteem and human spirit.

Your Committee on Judiciary and Corrections is in accord with the intent and purpose of **H. B. No. 2680-74** and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 311-74 Housing on **H. B. No. 1447**

The purpose of this bill, as amended, is to allow counties to undertake redevelopment projects directly or to conduct such work through agencies established for said purpose. The bill would allow each county to select whichever vehicle for undertaking redevelopment projects it may deem most suitable.

Your Committee has amended this bill by deleting Section 1 and adding new Sections 1, 2, 3, 4, 5, and 6.

For the purposes of consistency, your Committee recommends that this bill should be further amended as follows:

1. Sections 2 and 3 be renumbered to Sections 7 and 8 respectively.

Your Committee on Housing is in accord with the intent and purpose of **H. B. No. 1447**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 1447, H. D. 1** and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 312-74 Finance on **H. B. No. 3092-74**

The purpose of this bill is to permit the University of Hawaii to make its own deposits of certain university controlled funds by amending **H. R. S. Section 304-8**.

Presently, except where the federal government or private donors specify otherwise, all moneys received by the university are deposited in the state treasury. Deposits in the state treasury require all receipts and expenditures to follow accounting, preauditing, vouchering and warrant issuing processes of the department of accounting and general services. This process is required even though the same kind of processes are necessary to clear the university's system.

This bill authorizes the university to make its

own deposits of moneys received from the federal government for research, training and other related purposes.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 3092-74** 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. 313-74 Finance on H. B. No. 2582-74

The purpose of this bill is to increase the compensation of precinct officials from \$32 to \$35 for each election.

Precinct officials are required to keep the polls open from 7:00 a.m. to 6:00 p.m., continuously for eleven hours, on election days, in many instances without a lunch break. They are also required to report for instructional meetings at least once prior to the Primary Election and once before General Election. Further, they are required to perform work in preparing the polling places the night before election day. They are not compensated for attending instructional meetings nor for preparing the polling places.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 2582-74** 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. 314-74 Federal-State-County on H. B. No. 2215-74

The purpose of this bill is to amend Chapter 91-3 Hawaii Revised Statutes, to exempt agencies administering Federally funded programs from the requirement of holding public hearings on rules and amendment of rules or repeal thereof when such rules are required by the Federal government as a condition of federal funding, and the agencies perform no discretionary functions in promulgating these rules.

Your Committee has amended **H. B. No. 2215-74** by deleting Sec. 1 in its entirety and replacing it with a new Sec. 1 to read as follows:

SECTION 1. Section 91-3, Hawaii Revised Statutes, is amended by adding a new subsection (d) to read:

"(d) The requirements of subsection (a) may be waived by the Governor in the case of the State, or by the Mayor in the case of a county, whenever an agency is required by the Federal government to promulgate rules as a condition to receiving federal funds and the agencies perform no discretionary functions in promulgating these rules; provided, however, that adequate notice is given to affected members of the public as to the rules adopted, amended, or repealed, as authorized herein, prior to the implementation of such action."

Sec. 2 of the bill is deleted and Sec. 3 is redesignated as Sec. 2.

The original amendment which simply excepted rules required by the Federal government as a condition to receiving federal funds from the provision of Sec. 91-3 (a) suffers from the defect that it provides the Administration with too broad and arbitrary means to keep the public from being informed on issues which vitally affect them.

The revised amendment corrects the defect by specifically providing that requirement to hold public hearing on rules required by the Federal Government as a condition to receiving federal funds may be waived, but that affected members of the public must be given adequate notice as to the rules adopted, amended, or repealed prior to the implementation of such action. As a check on Departments from acting arbitrarily on rule changes without a public hearing, the authorization to make the rule changes will have to come from the Governor or the Mayor, depending on whether the State or county government is involved.

Your Committee on Federal, State and County Relations is in accord with the intent and purpose of **H. B. No. 2215-74**, as amended herein, and recommends that it pass Third Reading in the form attached hereto as **H. B. No. 221574, H. D. 1.**

Signed by all members of the Committee.

SCRep. No. 315-74 Judiciary and Corrections on H. B. No. 2074-74

The purpose of this bill is to provide more severe penal sanctions for persons who commit the offense of promoting a harmful drug in the first degree (Hawaii Penal Code Section 1244) or the offense of promoting a harmful drug in the second degree (Hawaii Penal Code Section 1245).

"Dangerous drugs" and "harmful drugs" are separate categories of drugs under the Penal Code and the Uniform Controlled Substances Act (Chapter 329, H. R. S.).

As originally drafted, the bill would have increased only the sanctions available against those who committed offenses of promoting dangerous or harmful drugs by dealing with minors. Your Committee has reviewed all of the penal offenses related to dangerous and harmful drugs, the classification of each crime, and the available sentences under each classification. We find that the classification and sanctions with respect to dangerous drug offenses are satisfactory. However, we have concluded that, in view of the problem presented by those who traffic in harmful drugs, the classification of the felony offenses dealing with those who possess or distribute quantities indicative of commercial promotion (rather than personal consumption or addiction) should be increased, thereby also increasing across-the-board the severity of the authorized sentences. The Penal Code, in its

definitions, already treats distributions to minors three years or more younger than the distributor as a greater offense than the same distribution to an adult, and this policy would be continued by leaving the present definitions intact.

Accordingly, your Committee has amended **H. B. 2074-74** to provide that promoting harmful drugs in the first degree will be changed from a class B felony to a class A felony, and that promoting harmful drugs in the second degree will be changed from a class C felony to a class B felony.

Your Committee on Judiciary and Corrections is in accord with the intent and purpose of **H. B. No. 2074-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2074-74, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 316-74 Judiciary and Corrections on **S. B. No. 1517-74**

The purpose of this bill is to clarify the law relating to the descent of interest in public land held by an occupier or lessee under a certificate of occupation or 999-year homestead lease. The bill specifically states that upon the death, testate or intestate, of such occupier or lessee, succession to such property will be determined under section 171-99(e), H. R. S., and not under the general descent and distribution statutes of section 532-2 and 532-4, H. R. S.

Upon consideration of this bill your Committee has noted minor typographical errors and therefore recommends the following amendments to correct such errors:

(a) Page 1, line 4, change "persona" to "personal".

(b) Page 1, line 7, change "of" appearing after the word "occupier" to "or".

Your Committee on Judiciary and Corrections is in accord with the intent and purpose of **S. B. No. 1517-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. No. 1517-74, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 317-74 Legislative Management

Informing the House that **House Resolution No. 453**, and **Standing Committee Report Nos. 318-74** to **340-74**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 318-74 Higher Education on **H. B.**

No. 1548

The purpose of this bill, as amended, is to establish a State Commission for Post-Secondary Education.

Your Committee has converted this short form bill into long form.

Your Committee on Higher Education is in accord with the intent and purpose of **H. B. No. 1548**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 1548, H. D. 1**, and be recommitted to the Committee on Higher Education.

Signed by all members of the Committee.

SCRep. No. 319-74 Higher Education on **H. B. No. 2124-74**

The purpose of this bill, as amended, is to appropriate \$10,000,000 for the acquisition of land for the development of an eight-acre state park complex in Moiliili at the present site of the Honolulu Stadium.

In an extensive public hearing of this bill, your Committee received testimony from residents and community groups who strongly voiced their desire that the present Honolulu Stadium site be converted into a park. Persons who testified in favor of this bill included representatives of the Three-M Community Council (Moiliili-McCully-Lower Manoa), numerous residents from the surrounding community, the University of Hawaii's Board of Regents, the Associated Students of the University of Hawaii (ASUH), Honolulu Stadium Ltd., the City & County of Honolulu, and other organizations.

The Three-M Community Council cited three major reasons for converting the stadium site to a park complex:

(a) Existing recreational facilities in the Moiliili-McCully area are incapable of serving the 26,000 residents who live in the area, and are, moreover, clearly insufficient for a community of that size.

(2) The park would provide working people of the community with the opportunity to restore and maintain their physical and mental well-being.

(3) The third major reason involves the maintenance of a reasonable quality of life within the city. Specifically, the rate of high-rise development in Moiliili-McCully and the dramatic increase in single-family dwellings and apartment units from 1970 to 1973 have been the major cause for the great increase in population density in the area, and recreation areas have not similarly increased. Open space is at a premium.

The Three-M Council has the support of more than twenty-two civic and public organizations throughout the Island of Oahu, which have taken formal positions supporting the conversion of the

stadium into a park complex. In addition, more than 5,000 individuals have signed a petition supporting the proposal.

Clarence F. Chang, president of Honolulu Stadium, Ltd. explained that the Honolulu Stadium site totals approximately 9.17 acres, divided into two parcels: the stadium portion (TMK 2-7-8: 2), consisting of 8.25 acres and the bowling alley portion (TMK 2-7-8: 18), consisting of approximately .92 acres. The land is presently zoned B-2, Community and Business District, except for 1,281 square feet which is zoned A-4, Apartment District.

There are 14,871 ownership shares outstanding. The ownership breakdown of the outstanding share are as follows:

Owner	Shares	Percentage
University of Hawaii 34%(owned outright) 27% (held in trust)	9,128	61%
Associated Students of University of Hawaii	1,481	10%
Total University of Hawaii/ ASUH Shares	10,609	71%
Minority Shareholders	4,262	29%

(In addition, there are 129 shares of treasury stock.)

The Board of Directors of Honolulu Stadium, Ltd. is presently in the process of partitioning the land into two parcels, one parcel to be owned by the minority shareholders. An appraisal has been completed indicating the portions that the majority and minority shareholders should own. The Board of Regents of the University of Hawaii is apparently in favor of partitioning the land; the Board of Regents and the ASUH are presently discussing an agreement to this effect.

The Board of Regents' stated position is that it would have no objection should the State initiate eminent domain proceedings to acquire the Honolulu Stadium site for a recreational complex or for park use, provided that compensation therefor is made at fair market value based upon its highest and best use.

The Board of Regents has a fiduciary responsibility regarding the trust shares which includes a duty to secure the greatest possible financial return on the trust shares, proceeds of which are earmarked for scholarships for needy and deserving students. Your Committee studied various alternatives including the legal possibility of acquiring the shares owned and held in trust by the University, and found that such shares would have to be purchased with the Board of Regents consenting to sale of the shares. A "paper transfer" by means of legislative action of either owned or trust stock holdings is not legally possible.

Similarly, shares owned by the Associated Students of the University of Hawaii (ASUH) can only be purchased, and furthermore, subject of the approval of the ASUH and ultimately, of the Board of Regents.

Another avenue explored by your Committee is the possibility of condemnation of the University owned and held shares, but the constitution limits the power of eminent domain to the acquisition of real property. Furthermore, section 101-6, Hawaii Revised Statutes limits condemnation powers to the acquisition of "... real estate belonging to any person, together with all structures and improvements thereon, franchises or appurtenances thereunto belonging, water, water rights, and easements of every nature." Hence, condemnation is not available as a means of acquiring the University-owned or held stock.

Your Committee, therefore, finds that acquisition of the land itself is the most direct action the State can take to ensure conversion of the Honolulu Stadium site to park use. In deliberations, your Committee recognized the overwhelming support for park use of the Honolulu Stadium site shown by individuals and organizations from all parts of Oahu.

Your Committee recommends amendment of section 1 of the bill to specifically state that the appropriation be used for a "9.17 state park complex".

Your Committee on Higher Education is in accord with the intent and purpose of H. B. No. 2124-74, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H. B. No. 2124-74, H. D. 1 and that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 320-74 Labor and Public Employment on H. R. No. 295

The purpose of this resolution is to request the department of labor and industrial relations to adopt rules requiring mechanized parking garage elevators to be manufactured and operated in accordance with Section A 113.1 of the standards issued by the American National Standards Institute and to be installed by elevator mechanics licensed under Chapter 448H, Hawaii Revised Statutes.

This resolution reflects the legislature's increasing concern with safety matters. Your Committee agrees that rules covering the manufacture, installation, and operation of mechanized parking garage elevators should be adopted by the department of labor and industrial relations to further public, as well as occupational, safety.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H. R. No. 295 and recommends that it be referred to the Committee on Consumer Protection.

Signed by all members of the Committee.

SCRep. No. 321-74 Labor and Public Employment on H. R. No. 30

The purpose of this resolution, as amended herein, is to request the State Advisory Commission on Manpower and Full Employment to determine the feasibility of and, if feasible, to formulate a comprehensive program to achieve the following:

(1) Establishment of public service jobs for persons who cannot obtain employment in the private sector, with such jobs being designed so that the benefits obtained will be greater than the costs of establishing the jobs;

(2) Periodic adjustment of the minimum hourly wage to assure that full-time workers are provided with sufficient income for sustenance at a decent level;

(3) Expansion of the coverage of unemployment insurance to apply to as many agricultural employees as possible; and

(4) Establishment of contingency job plans to cope with serious downturns in the economy.

Your Committee has amended the portion of the resolution relating to establishment of public service jobs for persons who cannot obtain employment in the private sector by deleting the requirement that such jobs be designed so that the benefits obtained will be greater than the costs of establishing such jobs. Your Committee has also amended the resolution directing it to the State Advisory Commission on Manpower and Full Employment rather than the Department of Manpower and Industrial Relations.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of **H. R. No. 30**, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as **H. R. No. 30, H. D. 1**.

Signed by all members of the Committee.

SCRep. No. 322-74 Labor and Public Employment on H. R. No. 366

The purpose of this Resolution is to request the Department of Personnel Services to reevaluate the wage scale of State elevator inspectors in the Department of Labor and Industrial Relations because of the inordinate number of vacancies which exist and which are in large part due to the wage inequities existing between State inspectors, federal inspectors, and private elevator mechanics.

Your Committee on Labor and Public Employment concurs with the intent and purpose of **H. R. No. 366** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee ex-

cept Representatives Poepoe and Nakama.

SCRep. No. 323-74 (Majority) Labor and Public Employment on H. B. No. 2749-74

The purpose of the bill is to add a new section to the Revised Statutes to expressly provide:

1. That the question of the cause of an injury or damages in a civil action where a violation or alleged violation of a federal or state occupational safety and health law or standard is involved shall be determined solely by the trier of facts; and

2. That the issuance of a citation, the voluntary payment of a civil or criminal penalty, or the judicial assessment of a civil or criminal penalty for an alleged violation of a federal or state occupational safety and health law or standard shall not be prima-facie evidence of negligence in a civil action for damages.

The assessment of liability in civil tort actions involves different issues from alleged violations of occupational safety and health laws or standards. For example, comparative negligence is a relevant issue in a civil action for damages but is not involved in the prosecution of a safety law violation.

Your Committee agrees with the intent of the bill to separate the issues in civil tort actions from alleged violations of safety and health laws. It is of the opinion, however, that its purpose would be better served by clarifying the wording of the bill. It has therefore amended **H. B. No. 2749-74** in several respects:

The bill as introduced proposed that the new provisions be added to Chapter 386, the Workmen's Compensation Law. Your Committee believes the proposed language should be incorporated into Chapter 396, the Occupational Safety and Health Act, and the bill has been so amended.

Your Committee is of the opinion that the intent and purpose of the bill would be better served and more clearly stated by simply making evidence of the issuance of a citation, the voluntary payment of a penalty, the finding of a violation, or the assessment of a penalty for an alleged violation of federal or state occupational safety and health law or standard, inadmissible in a civil action for damages. The bill has been amended to reflect the foregoing view.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of **H. B. No. 2749-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2749-74, H. D. 1**, and be referred to the Committee on Judiciary and Corrections.

Signed by all members of the Committee.

Representative Takamine did not concur.

SCRep. No. 324-74 Labor and Public Employment on H. B. No. 2928-74

The purpose of this bill is to amend the Workmen's Compensation Law by substituting the word "spouse" for "widow" in Section 386-54.

Section 386-54 permits the commutation of periodic benefit payments awarded to a disabled employee or a dependent of an employee who has died as a result of an industrial injury to one or more lump sum payments. An advance lump sum payment in lieu of future weekly benefits is allowed upon application if the director finds such payment is in the best interests of the employee or dependent and that it does not impose undue hardship on the employer. The benefits subject to commutation are discounted by 4% and by the probability of the death of the disabled employee or dependent before the expiration of the period during which benefits would be payable but for the lump sum payment and by the probability of the remarriage of the "widow", as determined in accordance with the latest United States Life Tables and American Remarriage Tables respectively.

This bill proposes that the term "widow" as it appears in Section 386-54 be replaced by the term "spouse". As "widowers" may also be entitled to dependency benefits and a dependent widower can request an advance lump sum payment of his award, the proposal would clarify potentially ambiguous language.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H. B. No. 2928-74 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection.

Signed by all members of the Committee.

SCRep. No. 325-74 Labor and Public Employment on H. B. No. 2813-74

The purpose of this bill is to add a new section to Chapter 346 to exempt work incentive programs approved by the director of social services from the filing, reporting, and fee requirements, or other impositions under the state Income Tax, Workmen's Compensation, or Temporary Disability Insurance Laws.

The bill would allow persons or agencies sponsoring a work incentive program to apply for exemptions from filing and other requirements with the Departments of Taxation and Labor and Industrial Relations if work is provided under the program at not less than the state minimum hourly wage for minors during a school year and the program is approved by the director of social services.

Your Committee agrees the primary objectives of a work incentive program are related to training and character building and that the normal incidents of employment are secondary thereto.

The proposed exemptions would make more work incentive programs available to young people who could be helped through participation in them.

Your Committee is also of the opinion that an exemption from the requirements of the Unemployment Compensation Law should be provided and the bill has been amended accordingly.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H. B. No. 2813-74, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H. B. No. 2813-74, H. D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 326-74 Labor and Public Employment on H. B. No. 2634-74

The purpose of this bill is to amend the Workmen's Compensation Law to cover regular, full-time domestic workers.

The definition of "employee" in Chapter 386 presently does not include an individual whose "employment is solely for personal, family, or household purposes". This serves to exclude domestic workers such as chauffeurs, maids, valets, and gardeners from coverage under the law.

This bill proposes that workmen's compensation coverage be extended to individuals whose employment is for personal, family, or household purposes if they are employed for 35 or more hours per week. It will extend coverage to regular, full-time domestic employees and entitle them to benefits if they suffer work injuries.

Your Committee agrees that regular full-time domestic workers should be afforded the protection of our Workmen's Compensation Law. The proposal is also supported by the Department of Labor and Industrial Relations and the National Commission on State Workmen's Compensation Laws.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H. B. No. 2634-74 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection.

Signed by all members of the Committee.

SCRep. No. 327-74 Labor and Public Employment on H. B. No. 2892-74

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

(1) Provide the resumption of benefit payments for certain permanently and totally disabled employees whose weekly benefits have been exhausted under the provisions of the law in effect on the dates of their injuries and who are presently

receiving only compensation to pay for the services of attendants and medical benefits.

(2) Increase weekly benefit payments to certain permanently and totally disabled employees who are presently receiving weekly payments from the Special Compensation Fund at a reduced 50% rate and compensation to pay for the services of attendants from their employers or the employers' insurance carriers.

Prior to 1949, a permanently and totally disabled employee was entitled to weekly benefit payments only to a point where the employer's statutory maximum liability was reached. The employee thereafter was only entitled to medical benefits and compensation to pay for the services of an attendant if he required one. In 1949, the law was amended so a permanently and totally disabled employee continued to receive weekly benefits after the employer's statutory maximum liability amount had been reached; the benefit payments, however, were reduced to half of what he previously received and were payable from the Special Compensation Fund. The law was subsequently further amended to provide for the continuation of benefit payments to permanently and totally disabled employees at the regular compensation rate, rather than at the reduced rate, from the Special Fund. Two years ago, the law was again amended so permanently and totally disabled workers are now entitled to receive weekly benefit payments from their employers at the regular compensation rate so long as they are disabled.

This bill would entitle an employee who is permanently and totally disabled to an extent that he requires the services of an attendant but who is not receiving weekly benefit payments now because of a limitation on employer liability in the law at the time of injury to again receive payments, at a rate adjusted to present compensation levels, from the Special Compensation Fund. His weekly benefits would be adjusted to present benefit levels by comparing his former benefit rate with the former maximum and multiplying the resultant fraction by the present maximum. For example, if the employee was injured when the maximum compensation rate was \$35 and his awarded compensation rate was \$17.50, the applicable adjustment formula would be $\$112.50 \times \$17.50 = \$56.25$ (adjusted rate).
\$35.00

The bill would also entitle an employee who is permanently and totally disabled to an extent that he requires the services of an attendant and who is presently receiving weekly benefits from the Special Compensation Fund at a reduced rate of 50% of his regular compensation rate to an adjustment of this benefits to present compensation levels. The proposed adjustment formula would double his weekly benefit from the Special Fund to get his benefit rate at the time of injury, relate it to the maximum at the time of injury, and then multiply the present maximum by the foregoing fraction. For example, if the present benefit he

is receiving is \$8.75 per week and the maximum was \$35.00 at the time of the injury, the applicable adjustment formula would be $2 \times \$8.75 \times \$112.50 = \$56.25$ (adjusted rate).

\$35.00

Your Committee agrees with the director of labor and industrial relations that this bill would help alleviate hardship for a few unfortunate claimants. The director has informed your Committee that, to the best of the department's knowledge, there are only four individuals who would qualify for the additional benefits provided by this bill and the additional burden to the Special Compensation Fund would be approximately \$383.00 per week.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H. B. No. 2892-74 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection.

Signed by all members of the Committee.

SCRep. No. 328-74 Transportation on H. B. No. 2330-74

The purpose of this bill, as amended, is to amend present law relating to traffic violations and the Statewide Traffic Code in the interest of public safety and providing better administration under various provisions of the traffic code.

Your Committee upon consideration of this bill recommends that section 1 relating to "slow moving vehicle emblems" be deleted in its entirety and that the other sections of the bill be renumbered accordingly. Your Committee has amended the definition of "bus" to exclude school buses along with taxicabs, while amending the definition of "school bus", to include motor vehicles as defined in sec. 286-181, H. R. S., and any regulations promulgated pursuant thereto by the Department of Education.

Your Committee on Transportation is in accord with the intent and purpose of H. B. No. 2330-74, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H. B. No. 2330-74, H. D. 1, and be referred to the Committee on Judiciary and Corrections.

Signed by all members of the Committee.

SCRep. No. 329-74 Transportation on H. B. No. 177

The purpose of this bill is to amend the existing highway safety law by requiring the use of lap belts by occupants of motor vehicles while such vehicles are operated on a highway. Existing law does not currently require the mandatory use of lap belts. The bill requires every driver of a motor vehicle operated on a highway to wear a properly adjusted and fastened lap belt, unless the vehicle is not required to be equipped with a lap belt, unless the driver makes frequent stops and the vehicle does

not exceed a certain speed, or unless the driver is certified or indicated to be unable for medical or physical reasons to wear a lap belt. The bill would also require vehicles of certain types to be equipped with lap belts, which are to be maintained in proper condition. Implements of husbandry and special mobile equipment are exempted from the provisions of the bill.

Testimony before the Committee indicated that most motor vehicle accident deaths and injuries occur when the victim is hurled against the interior of the vehicle or when the victim is ejected from the vehicle. Requiring the use of vehicle lap belts which restrain the occupant would substantially reduce the occurrence and severity of such incidents. Testimony on the bill further indicated that an extensive public education program on the use of lap belts would be necessary to fully effectuate the purpose of the bill. The Committee concludes that the Department of Transportation should conduct such an extensive program to educate the public on the meaning and benefits of compliance with the safety standards of the bill, and that the Department should apply for and utilize federal funds, if available for this purpose. The Committee also concludes that the Department of Transportation should cooperate with any studies which are conducted to evaluate the effectiveness of the safety requirements of the bill.

Your Committee upon consideration of this bill recommends the following amendments:

1. The definitional section of the bill be amended to include a definition of "seat belt" as a lap belt for pelvic restraint, since the term "seat belt" is used in the title of the bill. The term "seat belt" be substituted for "lap belt" throughout the bill in order to conform the provisions of the bill to its title.

2. The definitions of "gross vehicle weight rating", "multipurpose passenger vehicle", and "open-body type vehicle" be deleted since they are no longer necessary.

3. The requirement that vehicles of certain types be equipped with lap belts and the authority of the state highway safety coordinator to grant exemptions be deleted since federal law already provides for such requirements.

4. A new provision be added to the bill to direct the driver to require that all other occupants of the vehicle wear a seat belt. This would make the driver responsible for seeing that all occupants utilize their seat belts, and it would also cover the situation of a child-occupant who is unable to fasten a belt. Certain individuals are to be exempted from the requirement, including an occupant who is in a seating position not required to be equipped with a seat belt by any other applicable law, since federal law does not require seat belts in all seating positions for certain vehicles.

5. The effective date of the bill be changed from January 1, 1974 to the date of approval.

6. Various amendments in language and form be made to conform to the above changes.

Your Committee on Transportation is in accord with the intent and purpose of **H. B. No. 177**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 177, H. D. 1**, and be referred to the Committee on Judiciary and Corrections.

Signed by all members of the Committee.

SCRep. No. 330-74 Transportation on H. B. No. 2953-74

The purpose of this bill is to increase the annual grant to the Hawaii Wing of the Civil Air Patrol from \$56,000 to \$75,000. This money is used to carry on operations and defray the expenses of the Hawaii Wing on a statewide basis.

Your Committee on Transportation is in accord with the intent and purpose of **H. B. No. 2953-74** and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 331-74 Transportation on H. B. No. 2981-74

The purpose of this bill, as amended herein, is to amend existing use tax laws to exempt ocean-going vehicles used for interisland passenger transportation and thereby provide a tax incentive to private industry to participate in and help solve Hawaii's water borne transportation problems.

Within the past six years, the State of Hawaii, through its legislative and executive branches of government, has encouraged the development of alternate modes of interisland water transportation. This encouragement has come both in the form of legislation as well as Joint Resolutions.

Your Committee has heard testimony that relying on this encouragement, several private firms in our State have committed substantial capital funds in attempting to provide this necessary alternative.

Your Committee finds that the proposed amendment to the Use Tax Law is not without precedent.

Your Committee upon consideration of this bill recommends that it be amended by deleting the words "capable of attaining speeds in excess of 35 knots per hour" from subparagraph (7). Your Committee feels that this amendment is needed to broaden the scope of this section to provide more equal treatment of all interisland passenger water carriers.

Your Committee on Transportation is in accord with the intent and purpose of **H. B. No. 2981-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2981-74, H. D. 1**, and be referred to the

Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 332-74 Public Health and Welfare on H. B. No. 2361-74

The purpose of this bill is to appropriate money for children's mental health services. The money is to be expended by the department of health for the purpose of the bill.

Testimony before your Committee indicated that children's mental health services had been given a low priority in terms of the department of health's program priorities for the division of mental health. As a result resources were concentrated on those suffering from major mental illnesses which usually were totally disabling and which tended to afflict the adult population more than children. Further, programs for persons suffering from alcohol and drug abuse problems were also of higher priority.

A study conducted by the Mental Health Association of Hawaii revealed that approximately ten to twelve per cent of the children in the State suffer from some kind of emotional, behavioral, or learning disturbance. The report also revealed that the State of Hawaii does not offer or provide children's mental health services in proportion to the need. Figures show that only 3.9 per cent of the children and youth in need of services are receiving help. Your Committee, therefore, feels that providing additional money to the mental health division of the department of health specifically for children's mental health services would be a beginning in alleviating the present situation.

Realizing the time involved in procedures in releasing money for expenditure and the necessary personnel procedures for hiring persons to staff the children's mental health programs at the community mental health centers, your Committee has realistically reduced the present appropriation by fifteen per cent. This in no way should be taken as an indication of a lack of support. In fact, your Committee feels that the need to fund such a program immediately, warrants such supplemental funding. It is expected that the department of health will provide a more comprehensive budget for the fiscal biennium 1975-77.

Your Committee has amended **House Bill 2361-74** by substituting \$770,000 for the appropriation figure.

Your Committee on Public Health and Welfare is in accord with the intent and purpose of **H. B. No. 2361-74** as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2361-74, H. D. 1**, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 333-74 Public Health and Welfare on H. B. No. 2899-74

The purpose of this bill is to provide permanent full-time status to homemakers in the Department of Social Services and Housing so that homemakers currently classified as part-time intermittents can receive full benefits under the civil service system.

Your Committee found that these homemakers provide practical and tangible in-home services to families to overcome temporary breakdowns in the functioning of the home. For example, when the mother of a one-adult family requires emergency medical care, the homemaker meets the need of the family by serving as a mother substitute during the period of treatment and recovery. In this way children are not separated from their families and not deprived of the care of their parents. In another instance, a homemaker can provide assistance to a mother to improve her household management, child care, and budgeting.

Your Committee finds that there are currently 11 part-time intermittent positions for homemakers, of which nine positions are assigned to Oahu, one for Hawaii, and one for Maui. Kauai has been without such a position. In that county, the demand for homemaker services has been met by housekeeper arrangements which have not been altogether adequate. Therefore, your Committee has added another position of homemaker to serve the island of Kauai. Accordingly, your Committee has amended the bill to provide for a total of 12 additional permanent positions. In addition, technical changes were made as necessary.

Your Committee on Public Health and Welfare is in accord with the intent and purpose of **H. B. No. 2899-74** as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2899-74, H. D. 1**, and be referred to the Committee on Labor and Public Employment.

Signed by all members of the Committee.

SCRep. No. 334-74 Federal-State-County on H. R. No. 274

The purpose of this resolution seeks to reopen the Hickam Range to civilian use.

Your Committee has heard testimony that the Hickam Skeet Shooting Facility is the only skeet shooting facility on Oahu capable of holding registered tournaments such as the State Championships, Governor's Cup and others. Due to the closing of the Hickam Facilities, the Hawaii Skeet Shooting Association, whose 1974 season should have started in January, has not been initiated. Further testimony states that without civilian participation the Hickam Range cannot support itself, thus the closing of the range seems inevitable.

Your Committee on Federal, State and County Relations is in accord with the intent and purpose of H. R. No. 274, and recommends its adoption.

Signed by all members of the Committee.

SCRep. No. 335-74 Federal-State-County on H. R. No. 267

The purpose of this resolution is to urge the President and Congress to help account for and repatriate the missing-in-action and prisoners-of-war in Southeast Asia.

Your Committee concurs with the Cease-Fire Agreement (Article 8b) which states, that all prisoners-of-war shall be repatriated and all missing-in-action accounted for. There are over 1,200 Americans still missing-in-action and prisoners-of-war in Southeast Asia. Six of the 1,200 Americans missing-in-action are Sons of Hawaii.

Your Committee has amended H. R. No. 267 by adding after the last Resolved Clause that certified copies be also transmitted to Ms. Dawn Perry, President of POW/MIA Concern, Mrs. Carol Ann Patrick Marino and Mrs. Peggy Strumfels.

Your Committee on Federal, State and County Relations is in accord with the intent and purpose of H. R. No. 267, as amended herein, and recommends its adoption in the form attached hereto as H. R. No. 267, H. D. 1.

Signed by all members of the Committee.

SCRep. No. 336-74 Higher Education on H. R. No. 137

The purpose of this resolution is to request the City Council and the Planning Commission of the City and County of Honolulu to amend the General Plan of the City and County of Honolulu to designate the Honolulu Stadium site which is presently zoned B-2 — Community and Business district and A-4 — Apartment district, for park use only.

Your Committee has heard and considered several alternatives for eventual use of the Stadium site. In an extensive public hearing, many residents and community groups voiced the desire that the stadium site be converted into a park.

Three major reasons were presented for the use of the stadium site as a park:

(1) Existing recreational facilities in the Moiliili-McCully area are incapable of serving the recreational needs of the community's 26,000 residents. Although there are five public parks in the community, none are readily available for use by Moiliili-McCully residents because: (a) the parks are used exclusively for organized leagues and teams from other communities; (b) the parks are not centrally located;

(c) highrise buildings act as physical barriers limiting access to the parks; and (d) currently, there are only 1.3 acres of active recreational space for each 1,000 residents, whereas the City and County standard suggests a minimum of three acres per 1,000 residents.

(2) The park would provide further opportunity and facility for the working people of the area and mental well-being. Of the 23,000 people who lived in Moiliili-McCully in 1970; 12,240 men and women, or 54% of the area's population were employed as salary or wage earners. By comparison, only 42% of the urban Honolulu population were similarly employed in 1970. The development of a park would be of great benefit to the senior citizens and children of the area also.

(3) The third major reason cited involves the quality of life in the city. In 1970, two of the five census tracts which comprise the Moiliili-McCully area, (Census Tract 22-24), were listed as the second (Census Tract 24) and fourth (Census Tract 23) most densely populated areas in Oahu. The high rate of development of high-rise residential buildings in the Moiliili-McCully district has been a major cause for the high level of population density. In 1960, there were 2,091 single-family dwellings and 3,728 apartment units in Moiliili-McCully. By 1970, there were only 1,206 single-family dwellings and 7,100 apartment units. Between May 1970 and October 1973, a total of 1,124 of the 1,140 new residential units in the university area were apartment units. Furthermore, there were approximately 3,070 new residents of the area, in addition to the 23,000 residents counted in the 1970 census.

Other factors mentioned included the fact that the envisioned recreational complex would be centrally located and easily accessible, near major roadways, on a major bus route, and thus could be utilized by people from all areas of Honolulu. The park complex would also be close to the University of Hawaii, making it accessible to its more than 25,000 students on the Manoa Campus, as well as its faculty and staff.

Your Committee upon consideration of this Resolution acknowledges that legislation may also be needed for the acquisition of the stadium as a means of realizing the subsequent change to a park site. It has held hearings on several pieces of legislation which are designed to explore the possibility of total state acquisition of the stadium property or to have a matching fund arrangement with the City and County of Honolulu, and believes that this Resolution provides a first step in the process of eventual use of the Honolulu stadium site as a park.

Your Committee on Higher Education concurs with the intent and purpose of H. R. No. 137 and recommends its adoption.

Signed by all members of the Committee.

SCRep. No. 337-74 Higher Education on H. R. No. 18

The purpose of this resolution, as amended, is to request the Board of Regents to establish policies and procedures for course section planning and programming and registration control to assure undergraduate students access to courses necessary to meet lower division core requirements in their respective academic majors. Such policies and procedures shall include appropriate allocation of institutional resources during the registration period, if necessary, to cope with unforeseen course and section demands.

Beatrice Yamasaki, Assistant Vice Chancellor for Academic Programs, stated that over a year ago the University of Hawaii — Manoa Chancellor had recognized the ongoing need for and desirability of establishing and amending policies aimed at providing students with the courses needed to fulfill their academic requirements. The Chancellor, therefore, appointed a member of his staff, the Assistant Vice Chancellor for Academic Programs, to coordinate and oversee all aspects of course scheduling and registration.

Two procedural modifications have been introduced and effectively implemented during the present academic year whereby adjustments can readily be made in response to student demands at registration time. First, a two-day break was provided during the spring, 1974 registration period to allow time for the Chancellor's and Deans' offices to examine enrollment trends and figures in each of the courses offered by each department and to determine whether more sections of certain courses should be added or whether sizes of classes should be increased.

The second procedure implemented to ensure student access to required courses involved the presence and availability of the Assistant Vice Chancellor and/or Academic Assistant at the site of registration to offer immediate consultation to students throughout the registration period. Special problems including those faced by graduating seniors are readily handled by the immediate intervention of the Assistant Vice Chancellor or the Academic Assistant.

Your Committee upon consideration of this resolution is cognizant of the University's self-initiated ongoing program and recommends that the legislature be informed of its progress by requiring the University to submit a report on its continuing efforts to improve and coordinate registration policies and procedures.

Your Committee on Higher Education concurs with the intent and purpose of **H. R. No. 18**, as amended herein, and recommends its adoption in the form attached hereto as **H. R. No. 18, H. D. 1.**

Signed by all members of the Committee.

SCRep. No. 338-74 Public Health and Welfare on H. C. R. No. 18

The purpose of this concurrent resolution is to request the Department of Education to consider maximizing the utilization of cafeteria facilities and personnel for the preparation of meals for the Nutrition Program for the Elderly, and that the Department of Education and the Commission on Aging work together in making such meals available on a statewide basis to the elderly.

Through testimony presented, your Committee notes that the Department of Education services in the Nutrition Program for the Elderly are as follows:

1. Kalihi-Waena School prepares 425 lunches for three programs of the Commission on Aging for the Honolulu area.

2. Maui High School prepares 200 lunches for the elderly of Maui County.

3. Hilo Union School prepares 50 lunches for the elderly of Hawaii County. A department spokesman stated this number would be increasing to 200 lunches.

The pilot project to provide lunches for the elderly was begun in 1970 by the Commission on Aging. Evaluations revealed that elderly participants found the program highly acceptable, and nutritious meals were being provided to many elderly and indigent elderly who otherwise would not have eaten such meals, as many could not afford regularly balanced diets.

As adjuncts to these congregate meal services, other needed services were provided for the elderly, including information and referral, leisure activities, counselling, consumer education and other outreach services. The nutrition program has provided a point of social contact for many elderly services.

The expansion of these nutrition programs on a statewide, year-round basis would permit a larger number of the elderly to participate. Further, it would bring many persons out of isolation and expose them to the many services available to the elderly. Most importantly, it would provide nutritious well-balanced meals and contribute to the health and well-being of the elderly of the State.

Your Committee is aware that meal preparation and services of the Nutrition Program for the Elderly are currently not limited to the use of DOE school cafeteria facilities and personnel, and other private agencies, such as the Lanakila Craft, are providing this valuable service to the elderly. The expansion of this program through maximum use of DOE school cafeteria facilities is not intended to diminish the services provided by private agencies, but to increase the services of the program to reach those elderly

who are not currently benefiting from the program.

Your Committee has amended the concurrent resolution by replacing the name of Dr. Shiro Amioka, with the name of Mr. Teichiro Hirata, the newly appointed Superintendent of Education.

Your Committee on Public Health and Welfare concurs with the intent and purpose of **H. C. R. No. 18** as amended herein, and recommends its adoption in the form attached hereto as **H. C. R. No. 18, H. D. 1.**

SCRep. No. 339-74 Public Health and Welfare on **H. B. No. 2287-74**

The purpose of this bill is to include chiropractic care within the definition of medical care under Section 346-1, Hawaii Revised Statutes. Medical care is provided by the department of social services and housing under the medical assistance program for public assistance recipients and medical only cases.

Your Committee finds that recipients are desirous of obtaining chiropractic care from duly licensed chiropractors in the State; however, the current medical assistance program does not provide for such services. Consequently, public assistance recipients are not entitled to the same kinds of medical services available to others in the community.

Under the Temporary Disability Insurance Law of the State, temporary disability benefits are provided to eligible individuals who are under the care of a person duly licensed to practice chiropractic. The inclusion of chiropractic care in the medical care provisions of the department of social services and housing will make the provisions consistent with the Temporary Disability Insurance Law.

Your Committee also found that the State medical assistance program is not restricted from providing chiropractic care to eligible individuals. Federal law under Medicaid (Title XIX, Social Security Act), which assists funding of the program, permits states to provide medical care of any type recognized by State law. Chiropractic care is one of the optional medical services which can be provided by the medical assistance program of the State.

Your Committee on Public Health and Welfare is in accord with the intent and purpose of **H. B. No. 2287-74** 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. 340-74 Judiciary and Corrections on **S. B. No. 1733-74**

The purpose of this bill is to provide increased penalties for aggravated instances of the un-

authorized control of another's automobile or other propelled vehicle. As originally drafted, the bill provided for amending the section of the Hawaii Penal Code dealing with theft in the first degree. However, after a review of the entire problem, your Committee has decided that Section 708-836, dealing with the unauthorized operation of a propelled vehicle, should be amended (1) by expanding its coverage to include changing the identity of a vehicle without the owner's consent, and (2) by increasing the penalty from a misdemeanor to a Class C felony. Your Committee has, therefore, amended the bill accordingly.

Your Committee on Judiciary and Corrections is in accord with the intent and purpose of **S. B. No. 1733-74, S. D. 2**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **S. B. No. 1733-74, S. D. 2, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 341-74 Legislative Management

Informing the House that **Standing Committee Report Nos. 342-74 to 358-74**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 342-74 Labor and Public Employment on **H. R. No. 379**

The purpose of this Resolution is to request the State Advisory Commission on Manpower and Full Employment to investigate, study and report to the Legislature on:

(1) The condition of noncitizen labor and employment in this State;

(2) The number of positions and jobs in paid employment held in the State by resident non-citizens;

(3) The general distribution of the employed noncitizens by job classification, by industry, by wage scale, or income levels, and the percentage of the noncitizen occupancy of jobs or areas of employment in any significant job classification or area of employment; and

(4) The number, character of employment, and income of self-employed noncitizens in the State.

This study is needed because of the heavy increases in unemployment, the anticipated progressive increase in the unemployment rate, and the resultant massive increases in State expenditures for public assistance.

Your Committee on Labor and Public Employment concurs with the intent and purpose of **H. R. No. 379** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Fong and Poepoe who were excused.

SCRep. No. 343-74 Consumer Protection on H. B. No. 2888-74

The purpose of this bill is to update the Residential Landlord-Tenant Code enacted in 1972, which declared purpose was to: (1) simplify . . . the law governing the rental of dwelling units and the rights and obligations of landlords and tenants; (2) to encourage the parties to maintain and improve the quality of housing; and (3) to change the relationship from one based on law of conveyance to a relationship that is primarily contractual in nature.

The bill proposes several amendments that would make the code more workable for both parties, and the changes are:

(1) Amends the section (521-43) relating to rental agreement by requiring the landlord to give the tenant a copy of the rental agreement and receipts for rents paid;

(2) Amends the section (521-64) relating to tenant's remedy for landlord's failure to make repairs by changing from thirty to twenty days within which the tenant may proceed to repair the defects at the landlord's expense;

(3) Amends the section (521-70) relating to landlord's remedies for absence, misuse and abandonment by adding a new landlord's remedy for not honoring a rental agreement before occupancy; and

(4) Adds a new section which permits the landlord to store tenant's property left on the premises after tenancy terminated at tenant's expense.

Your Committee based on testimony of the Consumer Protector and other interested persons finds that to provide practical solutions to landlords and tenants the law should be updated as proposed in the bill, subject, however, to the following amendments:

(1) Amending section 521-21, relating to rent, by adding a new subsection thereto which will require the landlord to give 28 days notice that the rent will be raised;

(2) Changing the bill's proposal that requires a landlord to give a receipt for rental paid by adding a proviso which satisfies the requirement if rent is paid by check;

(3) Amending section 521-44 relating to security deposits by clarifying the term "security deposit" and for what purposes such deposit may be used;

(4) Qualifying the bill's proposal which reduces the time period from 30 to 20 days after which a tenant may proceed to correct any defect by

providing that the tenant may so correct if the landlord does not commence to make an actual effort to remedy the situation within 20 days;

(5) Amending section 521-54 which provides that the landlord may require the tenant to notify him of any anticipated extended absence from the premises by defining absence to 5 days or more; and

(6) Restating the bill's proposal with respect to tenant's failure to occupy as a separate subsection to section 521-70 which relates in part to abandonment because abandonment presumes the tenant has occupied the premises. The remedy afforded the landlord is comparable to the tenant's remedy (section 521-61) which gives the tenant certain rights if the landlord fails to give tenant possession at the beginning of the term.

Your Committee on Consumer Protection is in accord with the intent and purpose of H. B. No. 2888-74, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H. B. No. 2888-74, H. D. 1, and be referred to the Committee on Judiciary and Corrections.

Signed by all members of the Committee.

SCRep. No. 344-74 Consumer Protection on H. B. No. 2682-74

The purpose of this bill is to amend the mechanic's and material man's lien law by abolishing the lien right of persons furnishing material for improvements made to real property.

Many bills purporting to amend the lien laws were considered at the public hearing, and testifying were the Consumer Protector and representatives of the construction industry. All testifying favored some relief for the homeowner who can be subject to a materialman's lien despite making his contractual payments to the general contractor. Under existing law, improvements can be attached with lien if the general contractor fails to pay the supply house which provided the materials used in the improvement.

Your Committee upon consideration of the matter has amended the bill as follows:

1. Added a new section numbered 507-48 which provides that:

(a) **Supplier.** A supplier who furnishes material to an unlicensed contractor or subcontractor or if he unreasonably advanced credit for the material to any contractor shall forfeit his lien rights.

(b) **Contractor.** An unlicensed contractor or a licensed contractor who subcontracts from an unlicensed contractor shall forfeit his lien rights.

2. Amended the procedural requirements be-

fore a lien attaches. Presently, a lien attaches when a notice of the lien is filed in court. As amended the owner and other interested parties would have to be served with a summons and copy of the notice and only after a hearing will the lien attach.

While the original bill eliminated lien rights for the furnishing of materials, the amended version is in substance based on the recommendations of the Consumer Protector and industry representatives. Your Committee has redrafted the recommendations by using terms that are defined by statute and other technical changes.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 2682-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2682-74**, **H. D. 1**, and be referred to the Committee on Judiciary and Corrections.

Signed by all members of the Committee except Representative Roehrig.

SCRep. No. 345-74 Consumer Protection on H. B. No. 2506-74

The purpose of this bill is to amend the Temporary Disability Insurance Law by adding naturopaths to the list of professionals (physicians, surgeons, dentists, osteopaths, chiropractors and faith-healing practitioners) who are able to certify the disability of a claimant. Based on their qualifications and the treatment they are afforded by Workmen's Compensation and other laws, your Committee finds the addition reasonable.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 2506-74** and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. No. 346-74 Consumer Protection on H. B. No. 2618-74

The purpose of this bill is to clarify the definition of the term "valid claim" as it is used in the Unemployment Compensation Law.

As it was explained in **Standing Committee Report No. 199-74**, the clarification is necessary to counteract the interpretation of the term by the Hawaii Supreme Court, and as amended it conforms to the prior practices of the Department of Labor and Industrial Relations and the recommendations of federal agencies which permit benefit payments earlier.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 2618-74** and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. No. 347-74 Consumer Protection on S. B. No. 1729-74

The purpose of this bill is to permit beer to be displayed and sold apart from the specially designated area for liquor.

Senate Bill No. 1729-74 is a companion measure to **H. B. No. 2613-74** which was passed on Second Reading on March 7, 1974 by adoption of **Standing Committee Report No. 149-74** of your Committee on Federal, State and County Relations. The sale of wine is presently permitted away from the designated area, and according to the Senate's report, the original purpose for restricting sales to a specific area is no longer valid.

Your Committee on Consumer Protection is in accord with the intent and purpose of **S. B. No. 1729-74** 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. 348-74 Consumer Protection on H. B. No. 2760-74

The purpose of this bill is to amend section 401-11, Hawaii Revised Statutes, which requires financial institutions to publish a statement of its assets and liabilities as of December 31 and June 30 in a form prescribed by the bank examiner. The amendment requires such publication to reflect the comparative figures for the last two years.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 2760-74** 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. 349-74 Higher Education on H. B. No. 2564-74

The purpose of this bill is to amend Section 304-11, Hawaii Revised Statutes, to require that faculty and other appointees of the Board of Regents retire at the end of the fiscal year during which they attain sixty-five years of age, except in accordance with regulations that the Board of Regents may adopt from time-to-time.

Your Committee heard testimony from David Luke, Personnel Director, University of Hawaii, who stated that such legislation would be beneficial to the University of Hawaii in two ways: (1) Such a policy would provide a greater influx of faculty members which may result in increased participation in teaching, research, and the affairs of the University. (2) The University has experienced absenteeism as a result of the

general decline in health of persons approaching advanced age. Such absenteeism has interrupted instruction.

Your Committee is also aware of a similar statute relating to teachers employed within the State Department of Education, which stipulates a mandatory retirement age to be observed except where no qualified person is available, and then only for contract periods not to exceed one year at a time.

Your Committee realizes that there may be faculty members who have demonstrated individual competency far exceeding that of any other available person. Such instances are provided for by allowing appointment of such persons for terms of one year or less, with reappointment possible subject to the same test, but in no instance beyond attainment of the age of 70 years.

This bill, as amended, gives the Board of Regents the authority to appoint and contract with individuals on a year-to-year basis subject to such rules and regulations as the Board of Regents may adopt from time-to-time.

Your Committee has amended the bill to more specifically reflect the intent as contained in this report. Other non-substantive style changes were also made for purposes of clarity.

Your Committee on Higher Education is in accord with the intent and purpose of H. B.

No. 2564-74 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H. B. No. 2564-74, H. D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Hapai.

SCRep. No. 350-74 Finance on H. B. No. 2491-74

The purpose of this bill is to amend Act 197, Session Laws of Hawaii, Section 6, to allow greater flexibility in financing a program for the planning and development of North Kohala.

Act 197 authorized a comprehensive program for the economic development of the North Kohala area and the program has been initiated. Section 3 of the Act appropriates the sum of \$3,700,000 from general obligation bond funds of the State for the purposes of planning and development.

This bill proposes to extend the lapse date from June 30, 1974 to June 30, 1975. Your Committee finds that progress to date warrants this extension.

Your Committee on Finance is in accord with the intent and purpose of H. B. No. 2491-74, H. D. 1, and recommends that it pass third reading.

Signed by all members of the Committee.

SCRep. No. 351-74 Finance on H. B. No. 2329-74

The purpose of this bill is to continue Act 82, Session Laws of Hawaii 1973, from June 30, 1974 for another year to June 30, 1975. Act 82 relates to the planning and development of Kauai and appropriates \$4,100,000 out of general revenues or general obligation bond funds. A summary of the status of this appropriation is as follows:

	Amount Appropriated	Amount Spent or Encumbered	Balance
Feasibility Studies	\$ 100,000	\$ 5,900	\$ 94,100
Planning and Development	3,500,000	—	3,500,000
Irrigation System Development	500,000	17,000	483,000
	<u>\$4,100,000</u>	<u>\$22,900</u>	<u>\$4,077,100</u>

The expending agency is the department of planning and economic development.

The extension this bill grants will assure additional and continued studies and the compilation of more complete data on which to base a determination of the kinds of agricultural activities to be supported on Kauai.

Your Committee on Finance is in accord with the intent and purpose of H. B. No. 2329-74, 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. 352-74 Finance on H. B. No. 2623-74

The purpose of this bill is to amend various sections of the tax laws of the State to conform administration procedures with regard to inspection of returns to include the Multistate Tax Commission.

This proposal amends H. R. S. sections 231-18, 231-37, 235-116, 235-117, 237-34, 237-39, and 237-41, as they relate to inspection of returns, disclosure of information, and audit of returns. This bill will alleviate the concern of taxpayers doing multistate business that the Multistate Tax Commission is not included with-

in the confidentiality restrictions of the various state tax laws. Hawaii adopted the Multistate Tax Compact in 1968.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 2623-74** 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. 353-74 Finance on H. B. No. 2199-74

The purpose of this bill is to extend the jurisdiction of any business development corporation established in Hawaii to the American Territories of the Pacific which includes American Samoa, Guam, and the Trust Territories of the Pacific.

There are a number of reasons which support the extension of jurisdiction to territories in the Pacific associated with the United States. These include:

1. The State of Hawaii has taken the initiative and organized a regional organization called the Pacific Islands Development Commission which seeks to cooperatively engage in development efforts with American Samoa, Guam and the Trust Territory of the Pacific. Members of the Commission consist of the Governors of Hawaii, Guam, American Samoa and the High Commissioner of the Trust Territory. The extension of this enabling legislation to these additional areas is in spirit with the cooperative effort between Hawaii and the Pacific islands.

2. The extension of jurisdiction to American Samoa, Guam and the Trust Territory by Hawaii-based business development corporation may increase interest in establishing such a corporation in Hawaii by private industry.

3. There is a possibility for additional financial institutions such as First National City Bank and Bank of America to participate in such a business development corporation. These institutions are active in other Pacific islands and might be interested in participating in a business development corporation headquartered in Hawaii. This could result in capital from such institutions to be invested in business enterprise in Hawaii.

The business development corporation is a private institution. The bill merely enables such institutions to be established in Hawaii. There is no financial commitment on the part of the State.

With the extension of jurisdiction to the other Pacific islands and the current need for investment capital, this bill may encourage the establishment of a viable business development corporation in Hawaii.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 2199-74** 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. 354-74 Finance on H. B. No. 1430

The purpose of this bill is to improve public institutions on corrections and rehabilitation in the State.

Your Committee has amended this short form bill and in response to House Governor's Message No. 65, an appropriation for \$392,726 out of the general revenues of the State is provided for to be expended by the department of social services. The request that this appropriation bill be recommended for passage before the supplemental appropriations bill is made pursuant to Article VI, Section 5 of the State Constitution.

This appropriation will meet additional costs of the administration and operation of the Hawaii State Prison. Because of unforeseen events during the past several months, the prison program suffers a deficit problem. The costs of operations during the Fiscal Year 1973-74 are escalating to the extent that it is not possible to effect internal savings to offset these costs. It is anticipated that there will be a net deficit of \$392,726 as follows:

Personal Services	\$293,163
Other Current Expenses	64,563
Correctional Industries	<u>35,000</u>
TOTAL	<u>\$392,726</u>

Since the correctional industries account may be affected by other proposals now pending before the Legislature, your Committee has provided that \$35,000 of the appropriation cannot be expended unless **H. B. No. 2867-74** or **S. B. No. 2067-74** is enacted into law.

The appropriation made by this bill will lapse on June 30, 1974.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 1430**, as amended herein, and recommends that it pass second reading in the form attached hereto as **H. B. No. 1430, H. D. 1**, and be placed on the calendar for third reading.

Signed by all members of the Committee.

SCRep. No. 355-74 (Majority) Finance on H. B. No. 1136

The purpose of this bill is to increase the state tax on motor fuel to meet the operating requirements of the state highway program.

Your Committee agrees that an increase in the fuel tax rate is unavoidable. This bill, as introduced, proposes an increase of 3 cents per

gallon. Such an increase would raise the liquid fuel tax from 5 to 8 cents per gallon, thereby placing Hawaii's fuel tax rate with 27 other states above the 7 cents rate. Presently, 19 other states have fuel taxes at the 7 cents per gallon level. One state, Connecticut, has the highest rate of 10 cents per gallon. Only 3 states have lower rates than 7 cents per gallon.

The department of transportation's projected revenues for FY 1974-75 would be insufficient to finance the anticipated expenditures by a sum of \$8,624,000. A total deficit of \$16,869,000 is estimated to occur over a five year period from 1975 to 1979. This financial dilemma of the highway special fund has been created by the increase in debt service expenses to finance the capital improvement program and the subsequent maintenance costs to maintain these additional road-miles of highways. The department further estimates that an increase of 4.7 cents per gallon would be necessary to eliminate the deficit situation over the next five years.

Due to the uncertainty of the energy fuel crisis, your Committee recommends that tax increase be minimal until the total impact of the fuel crisis is known. In addition, the Temporary Advisory Commission on Revenues and Expenditures is reviewing the financing of state programs and should propose program modifications to the Eighth Legislature which will utilize resources more effectively and efficiently.

Your Committee has carefully evaluated the state highway program and concludes that a 2 cents per gallon increase, which will generate an additional \$5.7 million in revenues during FY 1974-75, should be sufficient to finance the highway program at a minimal level.

The liquid fuel tax will be raised from 5 to 7 cents per gallon. The tax on diesel oil will be increased from 4 to 6 cents per gallon.

Your Committee has amended this bill to reflect this proposed increase of 2 cents by:

(1) changing 8 cents to 7 cents throughout subsection (a);

(2) changing 7 cents to 6 cents throughout subsection (b); and

(3) revising all of page 5 to correct an obvious clerical error and thereby restoring existing statutory language to portions of subsections (b) and (c).

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 1136**, as amended herein, and recommends that it pass second reading in the form attached hereto as **H. B. No. 1136, H. D. 1**, and be placed on the calendar for third reading.

Signed by all members of the Committee.

Representative Poepoe did not concur.

SCRep. No. 356-74 Consumer Protection on H. R. No. 248

The purpose of this resolution is to request the Committee on Consumer Protection to determine whether the sale of silver bullion by business establishments should be controlled by the State of Hawaii by appropriate legislation.

Your Committee on Consumer Protection finds that the concerns expressed in the resolution merit a comprehensive study. The business practice under consideration has begun to focus its attention at the public only recently, and based on the limited information at the public hearing, your Committee believes that the problem should be investigated in depth by the Office of Consumer Protection instead of your Committee on Consumer Protection. The resolution was amended accordingly.

Your Committee on Consumer Protection concurs with the intent and purpose of **H. R. No. 248**, as amended herein, and recommends its adoption in the form attached hereto as **H. R. No. 248, H. D. 1**.

Signed by all members of the Committee.

SCRep. No. 357-74 Labor and Public Employment on H. R. No. 152

The purpose of this resolution is to express support for the nationwide consumer boycott of California table grapes and mainland non-United Farm Workers lettuce; requesting all public institutions of the State of Hawaii to refrain from purchasing said products; and by encouraging all citizens of our State to join the boycott.

Your Committee on Labor and Public Employment concurs with the intent and purpose of **H. R. No. 152** and recommends its adoption.

Signed by all members of the Committee except Representatives Fong, Leopold, Poepoe, and Wong who were excused.

SCRep. No. 358-74 Labor and Public Employment on H. C. R. No. 17

The purpose of this resolution is to express support for the nationwide consumer boycott of California table grapes and mainland non-United Farm Workers lettuce; requesting all public institutions of the State of Hawaii to refrain from purchasing said products; and by encouraging all citizens of our State to join the boycott.

Your Committee on Labor and Public Employment concurs with the intent and purpose of **H. C. R. No. 17** and recommends its adoption.

Signed by all members of the Committee except Representatives Fong, Leopold, Poepoe and Wong who were excused.

SCRep. No. 359-74 Legislative Management Informing the House that **House Resolution Nos. 454 to 457**, and **Standing Committee Report Nos. 360-74 to 395-74**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 360-74 Legislative Management on **Report on Internal Control and Accounting Procedures Ended October 31, 1973**

Background

In **Standing Committee Report No. 41-74**, February 19, 1974, your Committee reported on the implementation action taken or its intent to take implementation action on each of the recommendations made by the comptroller. In that report, your Committee stated that it would monitor the implementation of all recommendations which were not then completed and that it would again report to the entire House at this legislative session on the status of all implementation actions. This report is in pursuance of that promise.

Implementation Status

Your Committee has made substantial progress toward the full implementation of those recommendations made by the State comptroller which had not been completed at the time of your Committee's report on February 19, 1974. The following sections describe this progress.

(1) Accounting and procedures manual. The comptroller recommended the development of an accounting and administrative procedures manual to assure the consistent and continued application of sound House policies and procedures relating to the safeguarding of House assets and the maintenance of reliable financial records.

As stated in its previous report, your Committee believes that many of the weaknesses in internal control and accounting stem from the absence of such an accounting and administrative procedures manual. Thus, your Committee is giving the highest priority to the development of this manual. To this end, your Committee is in the process of determining the scope of the manual and identifying the subject areas to be included. It is anticipated that this manual will be completed well before the next session of the legislature.

(2) Maintenance of equipment rental agreements and preventive maintenance contracts. The comptroller recommended that copies of the equipment rental agreements and preventive maintenance contracts be kept on file for the purpose of verifying invoice charges for goods and services provided under contractual agreements.

This recommendation has been implemented.

Presently, all equipment rental and preventive maintenance contracts are kept on file in the House sergeant-at-arm's office for verification of invoice charges.

(3) Delivery slips for merchandise purchases.

The comptroller recommended that delivery slips or other receiving documents be kept on file to substantiate purchases of stationery and office supplies and that no invoice be paid unless the receipt of the merchandise for which the invoice has been issued is evidenced by a delivery slip or other receiving document.

This recommendation has been implemented. Delivery slips and other receiving documents are now kept on file to substantiate purchases. Further, the sergeant-at-arms has been advised not to process invoices for payment unless he has copies of the delivery slips or other evidences that the goods for which the invoices are issued were actually received.

The accounting and administrative procedures manual being developed by your Committee will set forth in detail the procedures to be followed in this area.

(4) Long outstanding warrants. The comptroller noted the existence of nine warrants outstanding for a year or more. He recommended that the payees be contacted to determine whether new warrants should be issued to replace the old ones after stop payment orders are issued on the old warrants or whether the warrants can be cancelled and the warrant amounts returned to the State general fund.

This recommendation has been implemented. All nine payees have been contacted for their concurrence to cancel the old warrants and to issue new ones in their place. Seven of the payees have responded, and, as to them, the old warrants have been canceled and new warrants issued.

The procedures manual will outline in detail the steps to be followed on long outstanding warrants.

(5) Postage meter internal control. The comptroller recommended that internal controls over the postage meter be strengthened by placing the control of the meter key in a designated employee whenever the meter is not in operation; ascertaining that all authorized employees operating the meter are recording the charges in the "office log"; recording daily in the "ascending and descending amount log" the ending meter readings; and reconciling periodically the postal charges recorded in the logs.

These recommendations have been implemented. The sergeant-at-arms himself now maintains strict control over the meter key. The key is removed from the machine whenever the machine is not in use. A daily log is maintained and is reconciled daily. Further, the

sergeant-at-arms prepares periodic reports on meter usage. These procedures will also be followed during the interim period.

(6) **Position allocations and salaries.** The comptroller noted instances where the number of staff positions exceeded the number of positions authorized and the daily rate paid exceeded the rate set by the House resolution adopted at the beginning of the 1973 session which established the positions, allocations, and salaries of House employees. He recommended that, henceforth, the House resolution establishing positions, allocations, and salaries include a provision which permits subsequent changes, or if no such provision is included in the resolution, that subsequent changes be made by adopting another resolution which amends the original one.

This recommendation is being observed during this session. **House Resolution 172** no longer specifies the number of positions but allocates dollar ceilings to all offices of legislators and provides for changes with the approval of the Speaker of the salary amounts specified in the resolution for employees other than the office staff of legislators. In this regard, your Committee notes that there appears to be a need for some clarification of position classification and compensation. Your Committee will study this matter more closely in conjunction with the development of the procedures manual.

(7) **Unrecorded vacation leave.** The comptroller noted that the "Application for Leave of Absence" forms authorizing annual leaves taken by three employees during the calendar year 1973 were not in the employees' files and consequently the vacation credits entered on the "Record of Absence from Official Duty" were overstated at December 31, 1973. He recommended that procedures for approving leaves and for routing leave applications to the chief clerk for recordation be established and documented.

This recommendation will be implemented. Detailed procedures relating to vacation leave will be established as part of the procedures manual.

(8) **Property inventory listings not complete.** The comptroller noted that, although most of the inventory items under House custody were included on the House inventory list, several items were not on the list. He recommended that the inventory list be corrected to include these items.

This recommendation is being implemented. A complete inventory of the House property was taken prior to the beginning of the 1974 session and an additional inventory will be taken at the end of this legislative session. A listing of the corrections to be made to the property inventory will be submitted to the comptroller forthwith.

(9) **Inventory not tagged.** The comptroller noted

that several items under House custody did not bear State identification decals, and he recommended that procedures be instituted to assure that all items are tagged as soon as they are received.

This recommendation is being implemented. All House equipment is being checked for proper decals. New decals are being assigned to those equipment missing decals and the changes in State ID serial number are being recorded on the inventory listing.

In this connection, it should be noted that State ID decals often fall off equipment and furniture due to the constant shifting of these items during the legislative session.

(10) **Equipment not in listed location.** The comptroller noted that many items, especially chairs, could not be found in the locations designated on the inventory listing. He recognized that furniture is constantly shifted about during sessions. He recommended that an employee be designated in each office to be accountable for the furniture and equipment assigned to the office and that, should any item be moved, the person should be held responsible for the return of the item.

This recommendation will be implemented. However, it should be noted that difficulties may be encountered because of the constant shifting of items during sessions. Your Committee plans to have the House sergeant-at-arms take a complete physical inventory at the end of the current session and report to you and the State comptroller on all items unaccounted for.

Detailed procedures relating to inventory management and control are being developed and will be included in the procedures manual.

(11) **Stationery inventory.** The comptroller noted that no up-to-date records were kept on stationery stored in a vendor's warehouse, and he recommended that an accurate record be kept of the quantity of stationery purchased, the quantity received, and the quantity still stored in the vendor's warehouse.

This recommendation has been implemented. The House printing office has commenced the maintenance of detailed records pertaining to quantities purchased, received, and remaining in the vendor's warehouse. Further, periodic reconciliations will be made with the vendor's records.

(12) **Statement of automobile insurance coverage.** For the protection of the House against damage claims resulting from auto accidents, the comptroller recommended that all employees who operate their personal automobiles in the performance of their jobs be required to prove annually that their automobile insurance include a specified amount of coverage for public liability and property damage.

This recommendation will be implemented. Employees will be required to provide the necessary information on their automobile insurance coverage when claims for reimbursement for the use of their automobiles are made by employees.

Summary

Most of the recommendations made by the State comptroller have been implemented. The implementation of the remaining recommendations will be completed in the near future. Your Committee believes that when all of the recommendations are fully implemented the internal control and accounting procedures of the House will be improved. In particular, the completion of the procedures manual will provide the House with the guidelines necessary to assure that its assets are properly safeguarded and its internal procedures controlled.

Signed by all members of the Committee.

SCRep. No. 361-74 (Majority) Higher Education on H. B. No. 2599-74

The purpose of this bill, as amended, is to allow the board of regents to charge the public for admission to the aquarium.

At present, the board of regents can charge admission fees, but only up to 25 cents for adults and 10 cents for children.

Your Committee on Higher Education is in accord with the intent and purpose of H. B. No. 2599-74 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H. B. No. 2599-74, H. D. 1 and be recommitted to the Committee on Higher Education.

Signed by all members of the Committee.

Representative Carroll did not concur.

SCRep. No. 362-74 Consumer Protection on H. R. No. 314

The purpose of this resolution is to request the Speaker of the House of Representatives to appoint an interim committee on Consumer Protection to study the proposals contained in H. B. No. 2071-74.

The bill attempts to re-organize the 29 boards and commissions under the Department of Regulatory Agencies. It consolidates some boards with similar functions and with some exceptions the size of all boards is made the same. Uniform procedures and sanctions for all boards are, where indicated, also provided, and the merits of the bill were endorsed by witnesses at the public hearing.

Your Committee on Consumer Protection concurs with the intent and purpose of H. R. No. 314 and recommends that it be referred to your

Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 363-74 Consumer Protection on H. C. R. No. 49

The purpose of this resolution is to request the presiding officers of the House and Senate to appoint an interim committee on Consumer Protection to study the proposals contained in H. B. No. 2071-74.

The bill attempts to re-organize the 29 boards and commissions under the Department of Regulatory Agencies. It consolidates some boards with similar functions and with some exceptions the size of all boards is made the same. Uniform procedures and sanctions for all boards are, where indicated, also provided, and the merits of the bill were endorsed by witnesses at the public hearing.

Your Committee on Consumer Protection concurs with the intent and purpose of H. C. R. No. 49 and recommends that it be referred to your Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 364-74 Water, Land Use and Development on H. C. R. No. 25

The purpose of this concurrent resolution is to request the Congress of the United States to institute action for the return of the land occupied by the U. S. Immigration Service on Oahu to the State of Hawaii for development into Hawaii's Heritage House for the Bicentennial Celebration and for a continuing historical and cultural center.

Your Committee on Water, Land Use and Development concurs with the intent and purpose of H. C. R. No. 25 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 365-74 Water, Land Use and Development on H. B. No. 2611-74

The purpose of this bill, as amended, is to provide for a study to be conducted by the Department of Agricultural and Resource Economics of the College of Tropical Agriculture, University of Hawaii, to determine and evaluate the market potential for dendrobium orchids and ornamental foliage on the mainland and in Japan.

Your Committee has amended the bill to correct an error in the name of the department authorized to conduct the study and also to provide for an increased appropriation of \$20,000 rather than \$15,000.

Your Committee on Water, Land Use and

Development is in accord with the intent and purpose of **H. B. No. 2611-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2611-74, H. D. 1**, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 366-74 Water, Land Use and Development on **H. B. No. 2978-74**

The purpose of this bill is to make an appropriation to conduct a ten-day Conference on Coastal Engineering which will be held in Hawaii in June, 1976. It will be attended by approximately 650 delegates from the most sea-concerned countries in the world. They will discuss problems concerning the coastal zone, its characteristics and management.

Your Committee finds that Hawaii would profit considerably from the participants who likely will discuss problems of value to Hawaii in general; provide observations and comment on Hawaii's Coastal Zone Management Program of Hawaii; tend to inform and inspire practicing engineers, scientists and managers and also students; publicize Hawaii to the world verbally and by publications in the Press and Proceedings; and provide a modest economic gain as tourists along with their families.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of **H. B. No. 2978-74** and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 367-74 Water, Land Use and Development on **H. B. No. 2993-74**

The purpose of this bill is to appropriate funds for the acquisition of land located above the Royal Mausoleum for the establishment of a state park.

Your Committee heard testimony that the above parcel will be an excellent addition to the Royal Mausoleum-Nuuanu Petroglyph State Park for the following reasons:

1. The present Royal Mausoleum area has no parking facilities and a caretaker's house and restroom are inappropriately located within the cemetery. Ideally, these facilities should all be relocated in the subject parcel.

2. Access to the Nuuanu Stream portion of the park is different and is considered a major problem in developing the area. Visitors now enter the stream area through the Nuuanu Memorial Cemetery or enter from the Pali Highway above Kapena Falls. Access through the Royal Mausoleum is not permitted since this possible entry area is sacred Hawaiian ground. The subject

parcel would provide a good entrance to the stream and parking and restroom facilities would then be available to visitors of both the Nuuanu Stream area and the Mausoleum. Interpretive facilities are probably warranted for the park and could also be best located in the subject parcel.

Your Committee has amended the bill to correct an error in the acreage of the parcel from 2.5 acres to 2.764 acres.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of **H. B. No. 2993-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2993-74, H. D. 1**, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 368-74 Consumer Protection on **H. R. No. 426**

The purpose of this resolution is to request the Legislative Reference Bureau to conduct a feasibility study on the establishment of a separate Department of Insurance.

When **H. B. No. 2128-74** which purported to establish a separate insurance department was considered at a public hearing, there were strong public sentiments favoring the intent and purpose of the bill. Your Committee, however, believes it would be wiser to give the matter further evaluation. In addition to the impact of the Hawaii no-fault law on the duties of the present commissioner, the study should consider (1) the effectiveness of the present administration, (2) other innovative programs being initiated in other jurisdictions, (3) recommended staffing and the jurisdiction of the new department, and (4) other concerns deemed appropriate.

Your Committee on Consumer Protection concurs with the intent and purpose of **H. R. No. 426** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 369-74 Public Health and Welfare on **H. R. No. 181**

The purpose of this Resolution is to request the House Committee on Public Health and Welfare to conduct a study identifying and evaluating all federally funded and non-federally funded programs relating to the State's public health and welfare which are in danger of curtailment or termination because of possible loss of funds. The Resolution further requests the Committee to:

- (1) Identify such programs which should be continued when and if funding is curtailed;

- (2) Recommend consolidation among the various programs where consolidation is advisable

for the purposes of maintaining efficiency and preventing duplication of services; and

(3) Recommend the termination or curtailment of programs which are not determined to be effective.

In compliance with House Resolution No. 181, your Committee submits the following report of its findings and recommendations.

BACKGROUND — FUTURE OF FEDERAL SOCIAL PROGRAMS

The changing complexion of federally sponsored programs signifies an end to the increasing role of the federal government as the provider of social programs — those programs aimed at improving the social and economic conditions of certain segments of the population and those programs designed for general community development.

Under the change, a concept popularly called "new federalism" has emerged. "New federalism", as defined by the President, helps "regain control of our national destiny by returning the greater share of control to state and local authorities." In response to the President's statement, Congress enacted the **State and Local Fiscal Assistance Act** for general revenue sharing in 1972. Since the initial passage of this general revenue sharing bill, much uncertainty about the future of federally supported social programs has developed.

Presently under congressional consideration is a proposed fiscal 1975 budget request for an appropriation of \$2.8 billion for the Housing and Community Development Act of 1974 (S 3066). If enacted, it would consolidate ten community development programs through block grants, including urban renewal, open space, water and sewer, public facility loans, advanced planning, land acquisition, housing code enforcement, neighborhood facilities and rehabilitation loans, and model cities program.

The model cities funding under this Act would be for grants to selected cities for restructuring of the entire environment of neighborhoods chosen for demonstration projects. Funds could be used for education, antipoverty and other social programs, as well as physical improvements and housing. This is a continuation of the original Demonstration Cities and Metropolitan Development Act of 1966.

The **Comprehensive Employment and Training Act of 1973** enacted by Congress represents the direction of the federal government in manpower development and public service employment. For the fiscal year 1975, some \$2.05 billion has been requested for dispersal among state and local authorities. However, funding for fiscal year 1974 is yet to be approved in a supplemental appropriation. These funds will also be provided in block grants with final determination of use left to state and local authorities.

Public Law 93-29 amended the **Older Americans Act of 1965** to improve, strengthen and modify programs authorized under the original law. Under Title III of the Act, states or local agencies are encouraged to concentrate resources in order to develop greater capacity for the development of comprehensive and coordinated service systems to serve older persons. In addition, reorganization and reassigning of functions are suggested. This new trend adversely affects the individual program funding, since no new appropriations have been made in this area.

The dismantling of the Office of Economic Opportunity recommended in an administrative memorandum has been stayed by a court order. For the moment, the Office is operating under the auspices of a continuing appropriations resolution in the absence of a regular appropriations bill for fiscal year 1974. This means that OEO will remain active only until June 30, 1974.

The changing of social legislation nationally and the precarious situation of OEO reflect the uncertainty of many social programs. The effects of block granting through consolidation of program funding and the transferral, curtailment, or termination of other federal funding are yet to be determined. Speculation has ranged from predictions of greater economy, efficiency, and responsiveness to community needs to one of total dissipation of the initial intent of the legislation under which programs have been established.

SOCIAL PROGRAMS IN HAWAII — FEDERALLY SUPPORTED. The federally supported programs greatly affected by the changing emphasis are the Model Cities programs under the **Demonstration Cities and Metropolitan Development Act of 1966** (PL 89-754), the **Community Action Programs** under the **Economic Opportunity Act of 1964**, as amended, and the **senior citizens centers** under the **Older Americans Act of 1965**, as amended.

Model Cities. Established in 1968, the Model Cities program provides a total attack approach on social, economic, and physical problems of slum and blighted areas to turn them into "model" neighborhoods. As defined by U.S. Housing and Urban Development, this means "a comprehensive, coordinated, and concentrated effort to mobilize all available resources to rebuild and revitalize the physical environment of blighted neighborhoods and improve significantly the lives of the people living in them." In Hawaii, Kalihi-Palama and Waianae-Nanakuli were designated as model neighborhood areas (MNA).

The cutback of the Model Cities grant from five years to four years and the anticipated consolidation of such programs under a block grant of the **Housing and Community Development Act** jeopardizes the future of individual projects under the program. This cutback, however, does not have the effect of a total cutback since unexpended funds up to the end of the fourth year of operations will be reprogrammed for use from July 1, 1974 to

December 31, 1974. These unexpended funds amount to approximately \$1.6 million. Of this amount, twenty per cent or some \$320,000 is to be used for administration expenses. The rest are program funds.

At the present time, there are no restrictions placed on the use of the money, that is, it may be used for continuing existing programs, for high visibility capital improvements, or for new programs.

The Resident Participation Organizations of Kalihi-Palama MNA and the Waianae-Nanakuli MNA have met to establish priorities in program funding. Since the available \$1.3 million cannot possibly fund all programs at current levels, tentative decisions have been made to fund, curtail, transfer, or terminate the various MNA programs.

Hawaii Economic Opportunity Programs. The Hawaii Economic Opportunity programs presently are scheduled for termination July 1, 1974. However, there is still hope that Congress will extend the program beyond the July 1, 1974 deadline by enacting **HR 12464**.

Unlike Model Cities, funding termination of OEO will heavily affect the administrative and coordinative bodies of the program. The Community Action Programs — Honolulu Community Action Program, Hawaii County Economic Opportunity Council, Maui Economic Opportunity, and Kauai Economic Opportunity — and the Hawaii Office of Economic Opportunity are in jeopardy of being phased out. These offices provide administrative services, program consultation, technical assistance, and evaluation of programs under their auspices, as well as community development programs.

Operation Headstart, Concentrated Employment Program, Kalihi-Palama Parent Child Center, and other direct service programs have already been transferred to old line government agencies on the federal level assuring their continued operations.

Senior Citizens Centers. The changing emphasis of the Older Americans Act of 1965, as amended, will cause termination of Senior Citizens Centers and related programs. As developed, a senior citizens center is a "multi-purpose center where older persons can meet with their peers for purposes of recreation, social activities, education and study, as well as to obtain various services which they may require, or for they themselves to render services to others."

Essentially a senior citizens center offers comprehensive services in one setting and, within the State, senior citizens centers exist in all counties.

Facing federal cutback, the independent senior citizens centers operated by private agencies must find alternative funding. Some programs have been integrated into the county services system.

For example, Pomaikai Senior Citizens Center recently has become part of the Hawaii County program. On the other hand, the Hawaii State Senior Center under the auspices of the University of Hawaii is seeking funding through the supplemental budget appropriations now before the Legislature. However, the rest of the private agency centers which formerly received federal funds under the Older Americans Act will be needing state funding for continuance.

SOCIAL PROGRAMS IN HAWAII — STATE SUPPORTED. Established under Act 299, Session Laws of Hawaii 1967, the Progressive Neighborhoods Program (PNP) sought to "initiate on an exemplary and demonstration basis remedial action to conditions contributing to a composite problem area by concerted program to supplement public resources in such an area and to attempt new solutions through reallocation of present resources." The four major projects under PNP include:

- (1) Basic Grants — demonstration projects to better meet service or educational gaps;
- (2) Model Schools program;
- (3) Quick Kokua;
- (4) Human Services Centers.

Although PNP is a state-initiated program, federal funds are also used for the operations of the programs.

Because of its demonstration status, PNP projects are not permanent in nature and all four major projects are due to be terminated as of June 30, 1974.

FINDINGS OF THE COMMITTEE

Your Committee held a hearing on **House Resolution No. 181** to determine the full scope of programs affected by federal and non-federal cutbacks. Testimony was submitted by the Department of Health, Department of Social Services and Housing, Progressive Neighborhoods, Commission on Aging, Hawaii Office of Economic Opportunity, and some Model Cities programs.

From the testimony, your Committee found that those programs in greatest need under threat of federal funding cutback were the model neighborhood areas programs under Model Cities, the community action programs under OEO, and the progressive neighborhoods programs.

After the hearing, your Committee conducted an inventory of projects and programs in jeopardy of curtailment or termination. Budget figures were obtained and scrutinized to determine the actual or predicted deficit of each program and project. In addition, your Committee reviewed the evaluations of each program pertaining to the

continuation or termination of projects.

Progressive Neighborhoods Program. The Progressive Neighborhoods Program, in anticipation of the loss in federal funds and the ending of

the demonstration period, established an interdepartmental task force to evaluate PNP projects and to determine whether the projects should be modified, continued, or terminated. As a result of the task force's work, the following recommendations for funding were made:

PROGRAM	PROGRAM ID	EXP. AGENCY	APPROPRIATIONS 1974-1975 (Supplemental)
1. Human Services Center	Gov 862	Gov	\$114,000
2. Quick Kokua	Gov 862	Gov	363,000
TOTAL			\$477,000

This amount is included in the supplemental budget bill, H. B. No. 2327-74.

Hawaii Economic Opportunity Program. The Hawaii Office of Economic Opportunity and the four community action programs reported a funding deficit of \$968,000. This includes the following:

PROGRAM	PROGRAM ID	EXP. AGENCY	APPROPRIATIONS 1974-1975 (Supplemental)
1. Hawaii Office of Economic Opportunity	Gov 863	Gov	\$148,000
2. Honolulu Community Action Program	Gov 863	Gov	408,000
3. Hawaii County Economic Opportunity Council	Gov 863	Gov	158,000
4. Maui Economic Opportunity, Inc.	Gov 863	Gov	154,000
5. Kauai Economic Opportunity	Gov 863	Gov	100,000
TOTAL			\$968,000

While these amounts would cover the operations of the HOEO and the four community action programs, it was not possible to make an actual determination as to how much will be needed for fiscal year 1974-75. The fate of the programs is intimately tied to **HR 12464** in Congress. Should **HR 12464** be enacted, the Economic Opportunity programs for fiscal year 1974-75 and fiscal year 1975-76 would be funded by the federal government. The failure of **HR 12464** would require the State to fund the total amount required for operations.

The community action programs have submitted a separate appropriation bill, H. B. No. 1477.

Model Cities Program. The Model Cities program presented a special problem. Because of the availability of \$1.3 million from unexpended, fourth year funds, your Committee had to obtain cost figures on a project-by-project basis to make a determination of the actual deficit; that is, the project costs less the funds available from the unexpended Model Cities monies.

Your Committee received invaluable cooperation from the Resident Participation Organizations and the individual project directors. However, your Committee encountered much difficulty in obtaining information concerning the direction of the City and County of Honolulu in funding the various projects. It was hoped that the Office of Human Resources would

be able to provide the City's recommended priorities in funding; however, neither a program priority recommendation nor recommended dollar amounts for specific projects were made available. An official from the Office of Human Resources reported at a meeting that the agency would not have such information until late May and that the deadline for submission of the reprogram package to HUD is June 1974.

In view of this fact, your Committee has decided to uphold the recommendations of the Resident Participation Organizations (RPO). Such an action is in keeping with the intent of the Model Cities program as the entire effort is based on resident participation and self-determination.

Both the Kalihi-Palama and the Waianae-Nanakuli RPOs have evaluated their programs and set their project priorities. In the absence of City recommendations, they have submitted their priorities and levels for each project based on their respective shares of the unexpended Model Cities monies. This, of course, does not mean that the State must fund the entire actual deficit of each project. Recognizing that the City and County of Honolulu is equally responsible in fulfilling its responsibility to continue the Model Cities programs initiated, your Committee determined the state funding amounts for each project matched by City and County of Honolulu funds on a fair share basis. The programs needing state funds matched by funds from the City and County of Honolulu for continuance during fiscal year 1974-75 are as follows:

PROGRAM	PROGRAM ID	EXP. AGENCY	APPROPRIATIONS 1974-75 (Supplemental)	
			City & County of Honolulu	State
KALIHI-PALAMA MODEL CITIES PROJECTS				
1. Kalihi-Palama Education Center	Gov 862	Gov	\$100,000	\$ 50,000
2. Kalihi-Palama Immigrant Center	Gov 862	Gov	57,500	27,500
3. Alternatives for Youth	Gov 862	Gov	28,400	18,400
4. Comprehensive Legal Services, Kalihi-Palama	Gov 862	Gov	105,000	48,000
5. Comprehensive Training Program	Gov 862	Gov	99,500	99,500
6. Comprehensive Manpower	Gov 862	Gov	100,000	100,000
WAIANAE-NANAKULI MODEL CITIES PROJECTS				
1. Waianae-Nanakuli Education Center	Gov 862	Gov	136,800	45,200
2. Waianae-Nanakuli Child Development Center	Gov 862	Gov	21,750	11,750
3. Waianae Rap Center	Gov 862	Gov	39,650	28,650
4. Operation Kokua Day Care Center	Gov 862	Gov	27,500	16,500
5. Waianae Coast Culture and Arts	Gov 862	Gov	45,000	15,000
6. Comprehensive Legal Services, Waianae-Nanakuli	Gov 862	Gov	90,550	38,750
TOTAL			\$851,650	\$499,250

Not all the Model Cities projects needed funding from the State. Many of them have, in the interim, found alternate funding or have become self-sufficient. Your Committee has prepared a list of such projects:

1. Kalihi-Palama Culture and Arts
2. Waianae Comprehensive Medical Services

3. Hawaii Economic Development Corporation

Reorganization of federal government programs have required transferral of certain Model Cities programs to various agencies to maintain and fund programs, which are as follows:

- | PROJECT | AGENCY |
|--|---|
| 1. Summer Youth | City and County of Honolulu |
| 2. Housing Assistance | City and County of Honolulu |
| 3. Neighborhood Safety and Police | City and County of Honolulu |
| 4. Resident Participation Organization | City and County of Honolulu |
| 5. Waianae Coast Group Homes | Department of Social Services and Housing |
| 6. Civil Air Patrol for Waianae Youth | U.S. Air Force |

Some Model Cities projects have been terminated. They are as follows:

1. Buddy System
2. Relocation Assistance
3. Expanded Parks and Recreation
4. Resident Research and Planning

The college opportunities program is the only Model Cities project which is included for funding under the Supplemental Appropriations bill, H. B. No. 2327-74. The sum of \$152,000 is requested.

Senior Citizens Centers. The Commission on Aging reported the termination of the senior citizens centers and related programs because of

lack of federal funds. Although new federal legislation in the area seems to be strengthening the administrative mechanisms for coordinating the developing state plans for implementation of comprehensive services for the aged, actual project funding has not increased. Presently, funded projects are being terminated when funding grants end. As a result, your Committee finds that certain senior citizens centers and related programs under the Commission on Aging are in jeopardy of termination.

The Hawaii State Senior Center is the only center which has been included for funding under the Supplemental Appropriations bill, H. B. No. 2327-74. The sum of \$87,500 is requested.

In addition to the Hawaii State Senior Center, the following projects will need state funding:

PROGRAM	PROGRAM ID	EXP. AGENCY	APPROPRIATIONS 1974-1975 (Supplemental)
1. Kauai Senior Centers, Inc.	BUF 602	BUF	\$ 25,000
2. Moiliili Multi-Purpose Senior Center	BUF 602	BUF	19,100
3. Area-wide Horizons for Senior Citizens	BUF 602	BUF	57,100
4. Pau Hana Years Radio Simulcast	BUF 602	BUF	9,800
TOTAL			\$110,000

Prior Program Appropriations — Not Released.
Your Committee in its research found a number of programs for which prior appropriations have been provided but which have not been released for use. These projects include:

PRIOR APPROPRIATIONS

1. Welfare Recipients Advisory Council — Waianae-Nanakuli, Kalihi-Palama — Model Cities	\$ 72,000
2. Basic Grants Including Model Schools — Progressive Neighbor- hoods Program	190,000
TOTAL	\$262,000

RECOMMENDATIONS

Pursuant to the request of **H. R. No. 181**, your Committee on Public Health and Welfare recommends the following:

(1) The following projects and the amounts designated which are included in **H. B. No. 2327-74** should be funded as requested:

a. GOVERNOR, OFFICE OF THE

Progressive Neighborhoods Program
(GOV 862) \$477,000

b. SOCIAL SERVICES & HOUSING, DE- PARTMENT OF

Hawaii State Senior Center Program
(SOC 191) 87,500

c. UNIVERSITY OF HAWAII

College Opportunities Program
(UOH 101) 152,000

The program ID of Hawaii State Senior Center Program should be amended from SOC 191 to BUF 602, Commission on Aging, to maintain consistency with all such fundings for Senior Citizens Centers and related programs. Accordingly, the designated department should be amended.

(2) The following projects under Model Cities program should be funded for the designated amounts and be included in the supplemental

budget appropriations. The sum appropriated shall be expended by the designated agency, the office of the governor, for the fiscal year 1974-75.

KALIHI-PALAMA MODEL CITIES PROJECTS

GOVERNOR, OFFICE OF THE

Kalihi-Palama Education Center
(GOV 862) \$ 50,000

Kalihi-Palama Immigrant Center
(GOV 862) 27,500

Alternatives for Youth (GOV 862) 18,400

Comprehensive Legal Services,
Kalihi-Palama (GOV 862) 48,000

Comprehensive Training Program
(GOV 862) 99,500

Comprehensive Manpower
(GOV 862) 100,000

WAIANA-E-NANAKULI MODEL CITIES PROJECTS

GOVERNOR, OFFICE OF THE

Waianae-Nanakuli Education Center
(GOV 862) \$45,200

Waianae-Nanakuli Child Development
Center (GOV 862) 11,750

Waianae Rap Center (GOV 862) 28,650

Operation Kokua Day Care Center
(GOV 862) 16,500

Waianae Coast Culture and Arts
(GOV 862) 15,000

Comprehensive Legal Services,
Waianae-Nanakuli (GOV 862) 38,750

Provided that the sum of \$50,000 for the Kalihi-Palama Education Center (GOV 862) for fiscal year 1974-75 shall be matched by the City and County of Honolulu in the amount of \$100,000.

Provided that the sum of \$27,500 for the Kalihi-Palama Immigrant Center (GOV 862) for fiscal year 1974-75 shall be matched by the City and County of Honolulu in the amount of \$57,500.

Provided that the sum of \$18,400 for Alternatives for Youth (GOV 862) for the fiscal year 1974-75 shall be matched by the City and County of Honolulu in the amount of \$28,400.

Provided that the sum of \$48,000 for Comprehensive Legal Services, Kalihi-Palama (GOV 862) for fiscal year 1974-75 shall be matched by the City and County of Honolulu in the amount of \$105,000.

Provided that the sum of \$99,500 for Comprehensive Training Program (GOV 862) for fiscal year 1974-75 shall be matched by City and County of Honolulu in the amount of \$99,500.

Provided that the sum of \$100,000 for Comprehensive Manpower (GOV 862) for fiscal year 1974-75 shall be matched by the City and County of Honolulu in the amount of \$100,000.

Provided that the sum of \$45,200 for Waianae-Nanakuli Education Center (GOV 862) for fiscal year 1974-75 shall be matched by the City and County of Honolulu in the amount of \$136,200.

Provided that the sum of \$11,750 for Waianae-Nanakuli Child Development Center (GOV 862) for fiscal year 1974-75 shall be matched by the City and County of Honolulu in the amount of \$21,750.

Provided that the sum of 28,650 for Waianae Rap Center (GOV 862) for fiscal year 1974-75 shall be matched by the City and County of Honolulu in the amount of \$39,650.

Provided that the sum of \$16,500 for Operation Kokua Day Care Center (GOV 862) for fiscal year 1974-75 shall be matched by the City and County of Honolulu in the amount of \$27,500.

Provided that the sum of \$15,000 for Waianae Coast Culture and Arts (GOV 862) for fiscal year 1974-75 shall be matched by the City and County of Honolulu in the amount of \$45,000.

Provided that the sum of \$38,750 for Comprehensive Legal Services, Waianae-Nanakuli (GOV 862) for fiscal year 1974-75 shall be matched by the City and County of Honolulu in the amount of \$90,550.

(3) The Hawaii Office of Economic Opportunity and Community Action Programs under the Economic Opportunity Act of 1964, as amended, should be funded for the designated amount and be included in the supplemental budget appropriations. The sum appropriated shall be expended by the designated agency, the office of the governor, for the fiscal year 1974-75.

a. GOVERNOR, OFFICE OF THE

Hawaii Office of Economic Opportunity
(GOV 863) \$968,000

Provided that in the event Congress enacts and

the President signs a supplemental appropriations bill for the Office of Economic Opportunity, the supplemental funds appropriated for the Hawaii Office of Economic Opportunity and the Community Action programs shall be reduced accordingly.

(4) The following projects under the Commission on Aging should be funded for the designated amounts and be included in the supplemental budget appropriations. The sum appropriated shall be expended by the designated agency, the department of budget and finance, for the fiscal year 1974-75.

a. BUDGET AND FINANCE, DEPARTMENT OF

Kauai Senior Centers, Inc. (BUF 602) \$25,000

Moilili Multi-Purpose Senior Center
(BUF 602) 19,100

Areawide Horizons for Senior Citizens
(BUF 602) 57,100

Pau Hana Years Radio Simulcast
(BUF 602) 9,800

(5) Provided that an evaluation of all programs for which funding has been recommended shall be made by the Department of Budget and Finance through contract with an independent consultant agency to conduct the evaluation. Such an evaluation shall include the determination of effectiveness and efficiency of the programs, the possible integration into existing programs, identification of any overlap in services with existing agencies, and recommendations concerning the maintaining or terminating of programs and funding of programs. The evaluation report and recommendations shall be submitted to the Legislature before the Regular Session of 1975.

SUMMARY

Your Committee on Public Health and Welfare strongly recommends that the funding of programs for the fiscal year 1974-75 contained in this report be considered as an interim measure to maintain the programs at current operational levels.

First, the purpose of such funding is to provide both the State and each program or project at least another twelve months during which time a thorough evaluation can be conducted for the Legislature to determine the future State funding. Second, the extra year will allow each program to seek alternate sources of funding. Third, by 1975, federal funding under general revenue and special revenue sharing will be fully implemented and this will help to clarify the State and local priorities.

Your Committee on Public Health and Welfare concurs with the intent and purpose of H. R. No. 181 and recommends that it be referred to the

Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 370-74 Education on H. R. No. 381

The purpose of this resolution is to request the Department of Education to implement the mandatory "mini-course" in Consumer Education. There has been some reports on some difficulty in implementing and enforcing the teaching of the "mini-course" in Consumer Education.

Your Committee on Education concurs with the intent and purpose of **H. R. No. 381** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 371-74 (Majority) Education on H. B. No. 2631-74

The purpose of this bill is to reapportion the board of education to conform with the "one-man, one-vote" ruling of the United States Supreme Court. This bill would provide for a fifteen member board. At least fifteen prospective members would be nominated from the various school districts. The members would be elected by the registered voters of the respective school board districts in the primary election and would be elected at-large in the general election.

Your Committee feels that this bill offers a sound basis for reapportionment of the board of education. This bill is nearly identical to the suggestion made by Mr. Justice Hugo Black when he stated:

"In holding that the guarantee of equal voting strength for each voter applies in all elections of governmental officials, we do not feel that the State will be inhibited in finding ways to insure that legitimate political goals of representation are achieved. We have previously upheld against constitutional challenge an election scheme which requires that candidates be residents of certain districts which did not contain equal number of people. Since all the officials in that case were elected at-large, the right of each voter was given equal treatment." (*Dusch v. Davis* 387 U.S. 112, 1967)

Your Committee on Education is in accord with the intent and purpose of **H. B. No. 2631-74** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

Representatives Hapai, Saiki, Kishinami and Sakima did not concur.

SCRep. No. 372-74 Education on H. R. No. 369

The purpose of this resolution is to request the Department of Education to conduct a fire alarm

equipment check of all public school buildings to ensure the safety of students.

Your Committee on Education concurs with the intent and purpose of **H. R. No. 369** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 373-74 Education on H. R. No. 349

The purpose of this resolution is to request the Department of Education to reassess its American Studies Program and possibly include in its curriculum the teaching of United States history as a separate mandatory course.

Your Committee on Education concurs with the intent and purpose of **H. R. No. 349** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 374-74 Education on H. R. No. 368

The purpose of this Resolution is to request the Department of Education to prepare a course and program in Hawaiiana for the public secondary schools.

Your Committee on Education concurs with the intent and purpose of **H. R. No. 368** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 375-74 Education on H. R. No. 382

The purpose of this resolution is to request the Department of Education to offer electives on Hawaiian language and Hawaiian history. This election will provide students with a tie to the past and give them new understanding of the culture.

Your Committee on Education concurs with the intent and purpose of **H. R. No. 382** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 376-74 Education on H. R. No. 311

The purpose of this resolution is to request the department of education to conduct a pilot project on the shared use of vice principals in public schools. This project would provide vice principals, on the basis of one per 750 students, to serve Kaiulani, Kalihi-Waena, Kalihi-Kai, Kauluwela, Puuhale and Royal Schools.

Your Committee on Education is in accord with the intent and purpose of **H. R. No. 311** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 377-74 Education on H. C. R. No. 46

The purpose of this concurrent resolution is to request the Department of Education to conduct a pilot project in which the student enrollments of certain schools are combined to qualify for the use of vice-principals on a shared basis.

This project would combine the enrollments of Kaiulani, Kalihi-Waena, Kalihi-Kai, Kauluwela, Puuhale and Royal schools and, using the statutory basis of one vice-principal per 750 students, assign the appropriate number of vice-principals to serve all six schools.

Your Committee has amended this resolution by deleting the fifth WHEREAS clause.

Your Committee on Education concurs with the intent and purpose of **H. C. R. No. 46**, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as **H. C. R. No. 46, H. D. 1.**

Signed by all members of the Committee.

SCRep. No. 378-74 Labor and Public Employment on H. B. No. 2819-74

The purpose of this bill is to provide for an appropriation out of the State general fund to finance the cost of implementing the recommendations of the department of personnel services in the classification survey of clerical positions in the State Civil Service.

A survey of the classification of clerical positions was initiated by the Department of Personnel Services and was suspended in late 1971, because of budgetary constraints and the likely high cost of implementation. During the past year the Department of Personnel Services has been working towards developing tentative and hypothetical class structures and class specifications. In view of the direction furnished by **Senate Concurrent Resolution No. 77**, adopted in 1969, relating to recommendations of the Legislative Auditor, it is believed that legislative approval in the form of an appropriation is necessary in implementing the clerical survey.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of **H. B. No. 2819-74** and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Poepoe who was excused.

SCRep. No. 379-74 Labor and Public Employment on H. B. No. 2802-74

The purpose of this bill is to amend present law by providing that participants in the State's Public Employment Program and the Public Service

Careers Program Plan "A" who have entered the respective programs since May 22, 1973 may be granted permanent appointment status in the appropriate civil service system. Under present law a cutoff date of May 22, 1973 is imposed.

Your Committee heard testimony that the amendment does not change the intent of Section 76-8, which was to permit all participants in the above programs consideration for permanent status, and that a maximum of seven participants will be affected.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of **H. B. No. 2802-74** and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Poepoe who was excused.

SCRep. No. 380-74 Labor and Public Employment on H. B. No. 2678-74

The purpose of this bill is to insure equal employment opportunity in public employment through the establishment of a vigorous and affirmative program to monitor all aspects of employment in the State. The bill proposes to establish an Office of Equal Employment Opportunity as part of the Office of the Governor and the appointment of an equal employment opportunity officer to accomplish the purpose of this bill.

Your Committee heard testimony to the effect that over 30 states have established affirmative action plans. This bill proposes to increase efficiency and use of human resources through better utilization of the State's total human power.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of **H. B. No. 2678-74** and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Takamine and Poepoe who were excused.

SCRep. No. 381-74 Labor and Public Employment on H. B. No. 2865-74

The purpose of this bill is to amend the meaning of the term "transfer" so that it will be possible for an employee to move laterally from one position to another, including movements between bargaining units.

The existing statute was written when all civil service employees were paid under the same salary schedule. Since that time, six separate wage board pay schedules have been adopted — two for blue collar nonsupervisors and four for blue collar supervisors. Also, as a result of negotiations under the collective bargaining law, there may be variations in the pay rates of the salary schedules

for the several bargaining units. Because pay ranges and pay rates in the various pay schedules differ but are controlling as to whether the movement of an employee is lateral, upwards, or downwards, the term "transfer" needs to be broadened.

Your Committee has amended the language of the bill to set forth specifically the definition of a transfer. It is the intent of your Committee that any personnel movement not in accordance with the criteria of a transfer as provided by this bill be treated as a promotion or demotion pursuant to applicable personnel laws, rules and regulations.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of **H. B. No. 2865-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2865-74, H. D. 1**, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Poepoe who was excused.

SCRep. No. 382-74 Labor and Public Employment on H. B. No. 2744-74

The purpose of this bill is to amend present law relating to determining average final compensation for retirement purposes.

Your Committee has amended this bill to provide that for legislators with service from and after November 5, 1968, the annual compensation shall be deemed to have been an amount equal to one and one-half times the members' last monthly salary times twelve.

Your Committee has also amended the bill to correct a typographical error.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of **H. B. No. 2744-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2744-74, H. D. 1** and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Poepoe who was excused.

SCRep. No. 383-74 Labor and Public Employment on H. B. No. 2370-74

The purpose of this bill is to amend present law relating to public employees by permitting any public employee, including teachers, educational officers, and cafeteria workers, who leaves government service in good standing, to retain his sick leave credits for three years to coincide with the period of reemployment eligibility.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of **H. B. No. 2370-74** and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Poepoe who was excused.

SCRep. No. 384-74 Labor and Public Employment on H. B. No. 2455-74

The purpose of this bill is to provide health fund benefits to the beneficiaries of an employee who is killed in the performance of his duty. The amended form of the bill includes the general purpose of including employees who retired prior to the establishment of the fund as health fund members.

Because there are a number of retired employees who retired before the health fund was established, and through no fault of their own were denied the benefits of such a fund, your Committee supports that concept that they should now be included as beneficiaries of the fund. At the same time, those members who have died in service deserve the same consideration for their devotion and contributions to the service of the State and its several counties.

Your Committee upon consideration of this bill recommends the following amendments:

(1) Section 1 of the bill be amended to provide a definition of "employee-beneficiary" which includes employees who retired prior to the establishment of the fund and beneficiaries of employees who are killed in the performance of their duty. This section has also been amended to exclude the requirement that a beneficiary be receiving a monthly benefit from the system.

(2) Section 2 of the bill be amended to include a definition of employee-beneficiary which includes employees who retired prior to the establishing of the fund and their beneficiaries, in addition to the beneficiary of any employee-beneficiary who has been killed in the performance of his duty.

(3) Add a section 3 which includes employees who retired before or after the establishment of the fund and provide that both will be treated as members with the same rights and privileges.

(4) Add a section 4 to provide that the contribution for voluntary medical insurance coverage under federal medicare may be paid by the fund for members of the old county pension system.

(5) Add a section 5 which provides an appropriation of \$ to be expended for the purposes of this Act.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of **H. B. No. 2455-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2455-74, H. D. 1**, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Poepoe.

SCRep. No. 385-74 Labor and Public Employment

ment on **H. B. No. 446**

Your Committee has found that although pay increases for the State's general employees covered by collective bargaining contracts were approved during the 1973 regular session, and further, comparable pay increases were authorized for other employees excluded from collective bargaining, there has been no increase approved for elected and appointed officers and employees of the State whose salaries are set by statute. Except for those offices subsequently established by law, there has been no adjustments made since Act 127, S. L. H. 1969 provided for increases in 1970.

Your Committee has also found that elected and appointed officials of the county jurisdictions have received pay increases. In the City and County of Honolulu there have been pay increases ranging as much as 28% in the period 1970 to 1973, and as much as 22% in the period 1972 to 1973. In some counties two or three pay increases have been authorized since the adjustments of Act 127 of 1969.

The impact of pay increases approved through collective bargaining and those legislated by councils of the county jurisdictions has been to create an inequity in pay relationships which this bill seeks to correct. In many instances the pay differentials which existed in the past between executive pay and salaries of subordinate staff have narrowed, or no longer exist. Also, the pay relationships between comparable positions in the State and the counties have been distorted by adjustments made for one group but not the other.

For example, your Committee finds that it is most inequitable that some department staff members receive more pay than the deputy director of the department. It is also inequitable that the heads of City and County departments be paid more than their counterparts in the State government since the scope and complexity of the State positions far exceed those of the City positions. The City and County Physician, for example, has a much more limited responsibility than the State Director of Health, whose duties and responsibilities extend to administering major statewide health programs, including responsibility for all county hospitals. The City and County Physician, however, is authorized more pay than the State Director of Health.

Your Committee is also mindful of the effect that the rising cost of living has had on fixed salaries, and strongly believes that pay adjustments are necessary and timely.

In consideration of the above concerns, your Committee has provided for the adjustment of salaries in all three branches of government. Where salaries of officers and employees of the Judiciary and the Executive Branch are not set by statutes, your Committee has provided for increases which follow the pattern approved for professional and scientific employees of bargaining unit 13: 5.5% effective February 1, 1973; and,

5.5% effective July 1, 1973. It is the intent of your Committee that these retroactive increases be paid from current appropriations to the maximum extent possible. Your Committee has provided for a seven percent increase, effective July 1, 1974, which takes note of the fact that salaries for these officers and employees do not provide for annual increments as in the case of general employees.

It is the belief of your Committee that these increases are "catch-up" increases, to maintain as closely as possible the pay relationships which existed between the pay of elected and appointive officers and employees and the pay of general employees. Your Committee has not dealt with the question of what the proper pay of public officers and employees should be in relation to salaries paid to executives in the public sector, in other states, and in consideration of what kind of pay policy should be adopted by the State with respect to its executives. Your Committee believes that this question should be explored fully by an impartial body, and to this end, your Committee suggests that the Governor's Ad Hoc Commission on Operations, Revenues and Expenditures be requested to study and report its recommendations on this important matter.

In the case of legislative salaries, your Committee has provided for an increase in the pay for the members of the Legislature who will take office next November. The new salary proposed follows the recommendation made by the 1971 Commission on Legislative Salary, which proposed that no legislator is to receive more than \$15,000 beginning in November 1974. The graduated scale proposed by the Commission did not appear appropriate to your Committee in view of the fact that no adjustments to legislative salaries have been made since the Constitutional changes in 1968, and in view of your Committee's belief that all legislators should receive the same salary.

Your Committee notes that another commission on legislative salary is to be appointed by the Governor in 1975 in accordance with Section 10, Article III of the Hawaii State Constitution. Accordingly, any future increases in legislative salary, if found to be warranted, should be based on the recommendations of the commission to be appointed in 1975.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of **H. B. No. 446**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 446, H. D. 1** and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Poepoe.

SCRep. No. 386-74 Labor and Public Employment on H. B. No. 2899-74

The purpose of this bill is to provide permanent full-time status to homemakers in the Department

of Social Services and Housing so that homemakers currently classified as part-time intermittents can receive full benefits under the civil service system.

Your Committee found that these homemakers provide practical and tangible in-home services to families to overcome temporary breakdowns in the functioning of the home. For example, when the mother of a one-adult family requires emergency medical care, the homemaker meets the need of the family by serving as a mother substitute during the period of treatment and recovery. In this way children are not separated from their families and not deprived of the care of their parents. In another instance, a homemaker can provide assistance to a mother to improve her household management, child care, and budgeting.

Your Committee finds that there are currently 11 part-time intermittent positions for homemakers, of which nine positions are assigned to Oahu, one for Hawaii, and one for Maui. Kauai has been without such a position. In that county, the demand for homemaker services has been met by housekeeper arrangements which have not been altogether adequate. Therefore, your Committee has added another position of homemaker to serve the island of Kauai. Accordingly, your Committee has amended the bill to provide for a total of 12 additional permanent positions. In addition, technical changes were made as necessary.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of **H. B. No. 2899-74, H. D. 1**, and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Poepoe.

SCRep. No. 387-74 Labor and Public Employment on H. B. No. 2864-74

The purpose of this bill is to amend present law by extending the total period of temporary employment which may be exempted from civil service, from six months to one year.

The present statute dealing with exemptions from civil service permits the Director of Personnel Services to exempt positions of a temporary nature in which recruitment through normal civil service procedures is impracticable. The law permits such temporary employment to be exempted when it does not exceed ninety days; and for good cause, it may be extended on an exempt basis for another ninety days.

The proposed change will authorize exemption when temporary employment does not exceed one year. This change will permit greater flexibility in exempting temporary positions, in particular, those positions funded by Federal, special, or other project funds, in which the services are essential to the public, yet, are not of a permanent

and continuing nature. The proposed change will permit employment of disadvantaged persons, and will facilitate recruiting for staff for temporary projects of limited duration.

Other benefits expected from the proposed change include savings in operating costs resulting from decrease in recruiting, examination, and certification activities.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of **H. B. No. 2864-74** and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Poepoe.

SCRep. No. 388-74 Consumer Protection on H. B. No. 521

The purpose of this bill is to add a new section to chapter 481B relating to unfair and deceptive practices.

The new section relates to unfair practices of commercial mail order buying clubs and prohibits such clubs from sending goods to purchasers unless the alternatives for each order are fully explained to the purchasers. If shipments are made contrary to the order of the purchaser, such goods are deemed unconditional gifts to the purchaser.

It was brought to your Committee's attention that the practice proposed to be regulated is very prevalent and causes inconvenience to the public. Your Committee, upon consideration of the bill, amended the bill in the following manner:

(a) Instead of declaring such practice unfair method of competition as provided in chapter 480 relating to restraint of trade thereby indirectly making the practice unlawful and subject to the penalties and defense of chapter 480, the activity is declared unlawful and subject to the penalty provided in chapter 481B.

(b) Amended section 481B-4, relating to penalties so it will apply to the amendments proposed.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 521**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 521, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 389-74 Finance on H. B. No. 193

The purpose of this bill is to revise licensing provisions of HRS section 471-9 relating to veterinarians.

This bill proposes the following changes:

(a) License renewal fees are made payable to the "department of regulatory agencies" instead of the "treasurer of the board";

(b) The renewal fee is fixed at \$15 instead of "such amount as shall, from time to time, be established by the board", but not to exceed \$15;

(c) An expired license may be reinstated if application is made within three years instead of permitting reinstatement without any time limitation; and

(d) All licenses which have not been renewed for more than three years are cancelled.

Your Committee on Finance is in accord with the intent and purpose of H. B. No. 193, H. D. 1, and recommends that it pass third reading.

Signed by all members of the Committee except Representative Poepoe.

SCRep. No. 390-74 Finance on H. B. No. 2617-74

The purpose of this bill is to protect the solvency of the Unemployment Insurance Trust Fund, at least for the short range (calendar years 1974 and 1975). It is this employer-contributed fund from which unemployment insurance benefits are paid.

The best estimates derived from analysis of recent experiences in benefit payments, tax collections and forecast of unemployment for the short range indicate that the solvency of this fund is in jeopardy.

The State is continuing to experience excessively high unemployment resulting from the national recession which began in 1970. The improvement in the national unemployment rate in 1972 was not duplicated in Hawaii. As a result, Hawaii's unemployment rate remained above the national rate throughout most of 1972 and all of 1973. Benefit payments have increased substantially, and in each of the calendar years 1970 through 1973 more benefits were paid than taxes collected. The Unemployment Insurance Trust Fund, as a result, has dropped from a high of \$44 million in December 1970 to \$25 million in December of 1973.

Long before the energy crisis, an insured unemployment rate of 4% for Fiscal 1974 was forecast. The latest forecast is for an average rate of 5% for calendar year 1974. If the new forecast rate occurs, and indications now are that it will, the Trust Fund balance could drop to as low as \$10 million by the end of 1974.

These conditions require that immediate steps be taken to protect the solvency of the fund. The Department of Labor and Industrial Relations proposes two actions be taken as incorporated in the bill:

(1) Change the present "trigger" levels from \$15 million to \$20 million and from \$13 million to \$15 million;

(2) Permit adjusting employer tax rates on a calendar quarter basis in addition to the calendar year basis.

As to the first proposal, present law provides that if, at the end of a calendar year, the Unemployment Insurance Trust Fund balance is at least \$15 million, the rates set forth in the tax schedule will apply. However, if the balance is at least \$13 million but less than \$15 million, the tax rate for each employer will be increased by .5%, except that no rate will be higher than 3.0%. If the fund falls below \$13 million, all employers will be assessed the standard rate of 3.0%.

The intent of these "triggers" is to insure fund solvency by upward adjustment of employer tax rates when the fund reaches jeopardy levels. Since benefit payouts have been more than tax collections in the last three years and fund balance as of December 31, 1973 is \$10 million above the first trigger level and only \$12 million above the final trigger level and, further, the forecast indicates that fund balance will be \$10 million by December 31, 1974, the adjustment appears reasonable and prudent.

But this alone will not accomplish the task. The second proposal must also be enacted. The tax rates will be adjusted on a calendar quarter basis on the premise that adjustments should be geared to offset the impact of high benefit payments as soon as the fund level reaches precarious levels. Tax rates will be increased as of the beginning of the succeeding calendar quarter rather than at the beginning of the calendar year. The proposed system of reviewing the fund balance on a calendar quarter basis is more sensitive to the changes in benefit costs and is designed to replenish the fund immediately upon its reaching the danger levels.

In 1973, contributions paid by employers plus interest earned by the fund totaled \$25.8 million. Increase in tax rate of .5% is estimated to add 20% (\$4.9 million) to the tax revenue; and in the event that employers are required to pay at the standard rate, revenue will be increased by 60% (\$14.8 million).

Your Committee realizes that employers in business and industry in Hawaii have good reason to be disturbed by the high and rising costs of unemployment compensation, since these costs must be matched by taxes on covered employers. Your Committee suggests that the provisions relating to the financing of the Employment Security Law can be revised and that business and industry together with the Department of Labor and Industrial Relations give careful study to changing the present reserve ratio system to a benefit ratio system and report any findings and recommendations to the Eighth Legislature.

Your Committee on Finance is in accord with the intent and purpose of H. B. No. 2617-74 and recommends that it pass third reading.

Signed by all members of the Committee except

Representative Poepoe.

SCRep. No. 391-74 Judiciary and Corrections on H. B. No. 2467-74

The purpose of this bill is to amend the present law relating to family courts to correct an omission in Family Court jurisdiction in the situation where a minor commits an offense just prior to reaching the age of eighteen, but is past the age of eighteen before a petition concerning the minor can be filed in the court. Under Section 571-13, the jurisdiction of the Family Court ceases upon the minor reaching the age of eighteen. The person must be released because under Section 571-22, providing for waiver of jurisdiction—transfer to other courts, the Family Court can waive jurisdiction only in the case of a minor, not an adult.

Your Committee, upon consideration of this bill, recommends that it be amended to provide for retention of jurisdiction by the Family Court over a minor or adult when a "person" instead of a "child" is alleged to have committed a "felony offense" rather than "any crime" since this jurisdiction would be needed primarily in the case of a serious crime. A corresponding amendment of Section 571-13, relating to the retention of jurisdiction is needed to indicate that the Family Court retains jurisdiction until age 18 or as otherwise provided in Section 571-22.

Your Committee on Judiciary and Corrections is in accord with the intent and purpose of **H. B. No. 2467-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2467-74, H. D. 1** and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 392-74 Judiciary and Corrections on H. B. No. 2704-74

The purpose of this bill is to clarify the definition of the term "building" in section 800(1) of the Hawaii Penal Code.

At present, section 800(1) reads:

"(1) 'Building' includes any structure, vehicle, railway car, aircraft, or watercraft used for lodging of persons therein; each unit of a building consisting of two or more units separately secured or occupied is a separate building;"

The words "used for lodging of persons therein" were added to the definition by Act 136, Session Laws of Hawaii 1973. It is clear from reading **Senate Standing Committee Report No. 859 on H. B. 59, H. D. 1** (which became Act 136) and **House Standing Committee Report No. 726** on the same bill that the phrase was added to modify the terms "vehicle, railway car, aircraft, or watercraft" and not the word "structure". However, it is possible to interpret the present definition as including only structures "used for lodging of persons therein".

Such an interpretation would mean that stores, warehouses, and other commercial buildings not primarily used for the lodging of persons would not be included in the definition of "building". As a further result, persons breaking into such places could not be charged with burglary because the commission of that crime involves breaking into a "building" as defined in section 800(1). The purpose of this bill is to make clear that any structure is a building within the meaning of Section 800(1) and the phrase "used for lodging of persons therein" applies only to a "vehicle, railway car, aircraft, or watercraft".

Upon consideration of this bill, your Committee has amended the measure to reflect the intent that the term "building" includes any structure and that the term also includes any vehicle, railway car, aircraft, or watercraft used for the lodging of persons.

Your Committee on Judiciary and Corrections is in accord with the intent and purpose of **H. B. No. 2704-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2704-74, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 393-74 Judiciary and Corrections on H. B. No. 2756-74

The purpose of this bill is to make theft of gasoline, regardless of the value of the amount taken, theft in the first degree and punishable as a class B felony.

Your Committee heard testimony from the Honolulu Police Department which indicated that thefts of gasoline have been increasing during recent months. Your Committee believes that the nature of the crime is such that it should be considered a felony regardless of the value of the gasoline taken. However, your Committee does not believe that it should be a class B felony as proposed under the bill as originally drafted. Accordingly, the bill has been amended to make theft of gasoline punishable as are other thefts in the first degree, i.e., as a class C felony.

Your Committee on Judiciary and Corrections is in accord with the intent and purpose of **H. B. No. 2756-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2756-74, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 394-74 Judiciary and Corrections on S. B. No. 1702-74

The purpose of this bill is to amend the Hawaii Revised Statutes by repealing Chapter 538 and adding a new chapter relating to disclaimer of property interests.

This bill provides that a person or his representative, to whom an interest in or with respect to property or an interest therein devolves by whatever means, may disclaim such interest in whole or in part by delivering or filing a written disclaimer as further provided for in the bill. In addition to the right of disclaimer, the bill sets forth the procedure for accomplishing a disclaimer, the time limits for doing so, the disposition of the disclaimed property, and the effect of the disclaimer on the rights of others.

This bill is in accord with the intent and purpose of the Uniform Disclaimer of Property Interests Act draft as approved and recommended by the National Conference of Commissioners on Uniform State Laws.

Your Committee on Judiciary and Corrections is in accord with the intent and purpose of **S. B. No. 1702-74**, **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. 395-74 Education on H. B. No. 2272-74

The purpose of this bill is to expand the membership of the Honolulu District School Advisory Council to provide for a minimum of seven members. Existing law provides for five members. This bill as amended also would allow each district school advisory council to act positively in policy development.

The Honolulu School Advisory Council has a disproportionately larger work load than the other district councils. The Honolulu council represents 55 schools and 50,000 students. The number of schools per councilor and the number of students per councilor are 11 to 1 and 10,000 to 1, respectively. In contrast, the Kauai council's schools per councilor ratio is 3 to 1 and students per councilor ratio is 1500 to 1.

Your Committee recommends the following amendment to this bill:

On lines 2 and 3 on page 4, delete the words "as the board of education may request from time to time".

Your Committee feels that each school advisory council should advise the board of education in the development of policies and this function should not be at the request of the board of education.

Your Committee on Education is in accord with the intent and purpose of **H. B. No. 2272-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2272-74**, **H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 396-74 Legislative Management

Informing the House that **H. R. Nos. 458 to 462**, **H. C. R. No. 73** and **S. C. R. Nos. 397-74 to 441-74**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 397-74 Higher Education on H. B. No. 2137-74

The purpose of this bill is to allow the President of the University of Hawaii to serve as ex-officio member of the Vocational Education Coordinating Advisory Council.

Previously, the University was represented by the Vice-President of Community Colleges. **House Bill No. 2137-74** will enable each State educational agency to be represented by its chief administrative officer at the Coordinating Advisory Council meetings.

Your Committee on Higher Education is in accord with the intent and purpose of **H. B. No. 2137-74** and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 398-74 Public Health and Welfare on H. B. No. 358

The purpose of this bill is to appropriate money for a pilot program to study certain dietary changes of mentally ill persons.

The treatment of mentally ill persons involves a number of different approaches depending on the individual's condition and the response to treatment. As a result, all possibilities of treatment approaches should be explored. Research has found that in some cases of mental illness such as hypoglycemia, dietary factors seem to have significant influence over the patient's condition. However, because hypoglycemia manifests many of the characteristics of other types of mental illness, it is often diagnosed as such and the patient's diet is not adjusted appropriately.

The project proposed in this bill would promote specific dietary changes for mental patients. Such changes would consist of smaller, more frequent feedings, with an emphasis on high protein content with a reduction of carbohydrate intake. At the present time, the diet for patients at the Hawaii State Hospital does not take into account the need for high protein intake and the deleterious effect of high carbohydrate intake by the patients.

Your Committee has amended **H. B. No. 358** by increasing the present appropriation from \$1,000 to \$10,000.

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

No. 358 as amended herein and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 358, H. D. 1**, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 399-74 Consumer Protection on H. B. No. 2882-74

The purpose of this bill is to make it unlawful to sell construction material to any person with knowledge that such material will be used by the purchaser in violation of the contractor licensing law.

The new prohibition is made part of section 444-23, the penalty section of chapter 444. It further purports to amend the penalty provision by making it subject to section 444-25 which has no bearing on 444-23. Your Committee therefore amended the bill by making the provisions of the bill as part of a new section, and as amended it would be subject to the penalty provided in 444-23.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 2882-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2882-74, H. D. 1**, and be referred to the Committee on Judiciary and Corrections.

Signed by all members of the Committee.

SCRep. No. 400-74 (Majority) Labor and Public Employment on H. B. No. 1711

The purpose of this bill is to provide for consumer arbitration whereby a consumer may seek and obtain arbitration on his consumer complaints. The bill provides for creation of the position of consumer arbitrator within the office of the Ombudsman.

Your Committee believes that without such arbitration, many legitimate consumer complaints will go unresolved and unredressed because of practical limitations and the inhibiting effect of litigation in court.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of **H. B. No. 1711**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 1711, H. D. 1** and be referred to the Committee on Judiciary and Corrections.

Signed by all members of the Committee.

Representative Leopold did not concur.

SCRep. No. 401-74 (Majority) Labor and Public Employment on H. B. No. 2166-74

The purpose of this bill is to amend the present law to provide that the staff of the Hawaii Public Employees Relations Board shall become civil

service employees; to provide that the executive officer and hearings officer shall hold their positions during good behavior, subject to removal by the board only as provided in Chapter 76; and to provide that the board may fix the compensation and provide for reimbursement of actual and necessary expenses of the executive officer, mediators, members of fact finding boards, arbitrators and hearing officers and any other assistants.

Your Committee, upon consideration of this bill, has amended paragraph 5 of Section 89-5(a) to be consistent with the intent and purpose of this bill.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of **H. B. No. 2166-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2166-74, H. D. 1** and be referred to the Committee on Finance.

Signed by all members of the Committee.

Representatives Wakatsuki and Wong did not concur.

SCRep. No. 402-74 Agriculture on H. B. No. 2785-74

The purpose of this Act is to provide for the proper funding of certain agricultural programs for the State of Hawaii in order to encourage the agricultural activities of the State for the benefit of its people. The agricultural programs and the amounts appropriated for each are as follows:

(a) **Research program on feed and forage in North Kohala—\$350,000.** Kohala is in a transitional period between the phasing out of sugar and the attracting of new industries to the area. New industries must be attracted in order to provide employment for the people of Kohala. One of the projects that will be started in the near future will be integrated feedlot complex. Your Committee finds that research projects are needed to provide the data necessary to grow hard grains, high moisture grains, and head chop sorghum and silage to meet the requirements of the feedlot. If hard grain can be grown successfully, the entire state would benefit because the cost of feed for the cattle, dairy, poultry, and swine industries would be reduced significantly. Your Committee has heard and considered the testimony of spokesmen for the County of Hawaii, the Department of Agriculture, and the University of Hawaii College of Tropical Agriculture. Each supported an appropriation for research in this area. Your Committee finds that an appropriation of \$350,000 is necessary for this purpose.

(b) **Control and eradication of papaya viruses — \$60,000.** The outbreak of the papaya virus disease in the Kona and Kohala districts of Hawaii in August 1972 and more recently in the Hilo districts in May 1973 is a problem of great concern to Hawaii's expanding papaya industry.

The unrestricted spread of the papaya viruses can lead to serious consequences resulting in huge economic losses to the industry if no effective and long-term control measures are undertaken. The disease is presently known to be established in the islands of Oahu and Hawaii. Its absence in the islands of Kauai, Maui, and Molokai and in the Kona district of the island of Hawaii makes it imperative that a statewide program be implemented to keep these areas free of the papaya virus.

The only effective means of combating the papaya virus at present is to prevent movement of plants from affected areas, rogue diseased plants, and establish disease free barrier zones. The Department of Agriculture through administrative measures and through the use of unrestricted funds has undertaken some temporary measures in controlling the spread of the disease. Additional funds, however, are necessary to maintain and provide an effective and long-term statewide program in controlling and eradicating papaya virus disease. Your Committee finds that an appropriation in the amount of \$60,000 is necessary for this purpose.

(c) Study, experimentation, and evaluation on control of souring beetles — \$45,000. Sourcing beetles (Nitidulids) are small black beetles commonly known as "pineapple bugs". They are usually associated with rotting of fruit, sugar cane, or plants. Because of the large population of this species in Hawaii, they often constitute a nuisance in picnic areas, in homes, and in public buildings. They are found in many areas of the world but no other area reports such large populations as Hawaii. This suggests that control factors, probably biological, are missing in Hawaii. Control by chemical pesticides appears prohibitive in terms of cost and the undesirable side effects on the environment. The alternative to chemical pest control is biological control. Because populations of these beetles in other areas are kept in check by natural causes, it appears reasonable to believe that natural predators or parasites or both exist for this group of insects.

Your Committee finds that it is in the public interest to appropriate funds for the study, experimentation, and evaluation on control of souring beetles and that the sum of \$45,500 is sufficient for this purpose. Your Committee appreciates the testimony of the College of Tropical Agriculture of the University of Hawaii stating a willingness to assist the Department of Agriculture in this endeavor and your Committee requests that both agencies work in cooperation to seek a solution to this problem.

(d) Aid to Kona coffee processors — \$25,000. Hawaii is the only state in the nation that grows coffee commercially. The Kona coffee industry has been in the decline for many years and is reaching a critical point in its fight for survival. Notwithstanding its decline, the industry has contributed substantial personal income for the Kona district and approximately 25% of the

residents of North and South Kona are estimated to reside on coffee farms. If the industry were shut down, it is estimated that the expenditure by the state for its income assistance program and the state's share of old age benefits would increase approximately \$60,000 each per year.

The processing mill plays a vital part in the continuation of the Kona coffee industry and your Committee finds that it would be in the public interest to appropriate \$25,000, on a 50/50 matching basis with the County of Hawaii, to provide assistance to the Kona coffee processors.

Your Committee on Agriculture is in accord with the intent and purpose of **H. B. No. 2785-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2785-74, H. D. 1**, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 403-74 Education on H. B. No. 1367

The purpose of this bill, as amended, is to offer programs in the Department of Education designed to achieve the aims of quality education and equal educational opportunity.

Geographical and economic barriers to education still exist in our State. There are wide disparities between the urban and the rural schools, between the large and the small schools, and between schools in the more affluent areas and schools in the lower income area. Such disparities should not exist in Hawaii's statewide educational system.

Your Committee reaffirms its goal of quality education and equal educational opportunity by calling for the removal of inequalities in educational offerings among schools, and particularly for a system by which program offerings can be made available to students in the smaller schools and in the remote areas of the State.

The Department of Education commits its effort to achieve a school system and educational program of first rank in the United States. It commits itself to a plan of organization and management structure that will be student and program oriented and responsive to change. It seeks to develop a comprehensive system of planning that will provide equitable distribution of funds, evaluation of program progress and sound management control.

Your Committee notes the areas of interest which it believes amplify its concern for quality education and equal educational opportunity. These are the priority items of your Committee:

1. The Foundation Program
2. School Health Services
3. Appropriation for athletic coaches and directors

Other vital areas are:

1. The need to expend money appropriated in 1973-75 Biennium Budget for critical position, supplies, equipments, and books.

2. Maintenance of the current level of the 3 on 2 Program.

3. Continued commitment on the Hawaii English Program (HEP) and the release of money necessary to purchase needed supplies to make the program effective.

THE FOUNDATION PROGRAM

The Foundation Program sets a basis for equality of opportunity by providing for a basic educational program for all students regardless of where they live in the State. It attempts to meet the requirement of developing the whole person by identifying academic, guidance and student activities as legitimate school programs. Your Committee notes that the issue in the Foundation Program lies in the staffing needed to implement this program.

Your Committee believes that the fixed relation between the number of students and the teacher (the pupil-teacher ratio) inhibits the theory of equal opportunity. The pupil-teacher ratio is primarily an administrative-legislative tool, essentially to determine the amount of teaching manpower needed. This budgetary tool, however, when applied to individual school population or to individual classrooms, causes problems: children are not geographically distributed equally.

This ratio method of hire works against two kinds of schools — the small and the extremely large school. For the smaller school, differential programs just cannot be offered with the assigned manpower. In the extremely large school, the groups within a normal population become larger, e.g., there tend to be more poor readers, more gifted readers, more vocationally-oriented and more academically-oriented students than in a less large school, so that more teachers are needed and also more teachers with greater specialties. Your Committee believes that the pupil-teacher ratio is essentially a numbers game and should not be used as a program matter in the Foundation Program.

Your Committee finds and urges that the Foundation Program be expanded by filling 62 additional positions required throughout the State for Foundation staffing.

SCHOOL HEALTH SERVICES

Your Committee supports the concept of a comprehensive health program, recognizing that the health and education of a school age child are not separate entities. A youth's intellectual achievements are dependent on his physical and mental well-being.

The individual assessment, early identification, observation and coordination in management of

the specific health problems related to learning should be the emphasis of school medicine within the school setting. A successful school health program utilizes the school physician as its director. He sets the tone or quality of school medicine. The school nurse may become the health coordinator and child health advocate in the school setting. As a member of a multidisciplinary team, she consults with the school physician in regard to problems relating to the individual child's health and learning. In the area of health services, she sets up the health room and supervises health aides to deliver emergency first aid, participate in health assessment, and handle minor health problems. The school nurse may also serve as health consultant to the teachers in the areas of health education. This is especially true in the elementary school years. Health counseling is another responsibility that the school nurse assumes. This may be the most important area of contact with health education and care for the intermediate and high school students.

Your Committee believes that the Department of Education should consider training programs to develop school nurses and health aides over a period of time. This would improve the quality of individual child health care which will enhance his potential for learning in school.

Further, your Committee stresses and points out the long-standing pediculosis problem in the public schools and urges intensive work in this area to alleviate this problem.

ATHLETIC COACHES AND DIRECTORS

The athletic directors and coaches in Hawaii are being paid today under a salary schedule formulated and adopted many years ago and minimally reapproved by the Board of Education and Department of Education in 1968. There are great differences in the amount that coaches are paid. The reason for the disparity lies in the manner in which the interscholastic athletic program is funded.

Coaches' salaries and all other expenditures of interscholastic athletics are paid from each school's athletic fund. The amount available to each school is dependent on the following:

1. The size of spectator audience — gate receipts.
2. The manner in which gate receipts are distributed among the schools within the league.
3. The contributions made by "booster" organizations.
4. The extent to which fund-raising activities are carried out.
5. Student activity fees.

On every count, the smaller schools are at a distinct disadvantage. Since funding lies at the

heart of the present inequity in pay, the solution lies in making funds available for salaries. Your Committee urges the adoption of an adequate salary schedule by making an appropriation to provide for additional subsidies to the Department of Education based on the responsibilities, skills required and the time spent in running the program and not dependent upon the size of the school or the income received from gate receipts, donations and special funds.

Your Committee has amended this bill to provide for the programs listed and described above.

Your Committee on Education is in accord with the intent and purpose of **H. B. No. 1367**, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as **H. B. No. 1367, H. D. 1**.

Signed by all members of the Committee.

SCRep. No. 404-74 Education on H. B. No. 296

The purpose of this bill is to appropriate a certain sum out of the general revenues of the State of Hawaii to underwrite the neighbor island tour expenses of the Honolulu Theatre for Youth.

The neighbor islands, because of their distance from Oahu, have depended heavily on tours from such programs such as the Honolulu Theatre for Youth for exposure to dramatic presentations. It is through the neighbor island tours that the Honolulu Theatre for Youth, an educational theatre, has been able to include nearly 90,000 neighbor island youngsters in their attempt to enlarge the scope of children's imagination and enrich classroom study.

Your Committee on Education is in accord with the intent and purpose of **H. B. No. 296** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 405-74 Education on H. B. No. 2985-74

The purpose of this bill is to increase the per diem pay rates of substitute teachers employed by the Department of Education.

The Department of Education strongly supports this bill. While pay rates for regular teachers have increased through the collective bargaining process, no pay rate increases for substitute teachers have been authorized since 1969.

Your Committee on Education is in accord with the intent and purpose of **H. B. No. 2985-74** and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 406-74 Legislative Management on H. R. No. 180

Your Committee is in agreement with the findings of the Resolution that there is a continuing need to improve the effectiveness and efficiency of the House processes and management. Your Committee on Legislative Management is indeed the appropriate standing committee to review and conduct a study of the House processes.

Your Committee has amended the Resolution by adding another whereas clause which recognizes the reports issued as a result of the audits conducted of the House's operations and to include the formulation of an administrative and financial manual of guides, as recommended in the audit reports, as a specific task to be performed by the Committee on Legislative Management. The work called for by the Resolution will necessitate the committee to meet in the interim between this 1974 session and the 1975 session of the legislature. Thus, your Committee has further amended the Resolution to note that the committee is expected to be in operation during the interim.

Your Committee on Legislative Management concurs with the intent and purpose of **H. R. No. 180**, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as **H. R. No. 180, H. D. 1**.

Signed by all members of the Committee.

SCRep. No. 407-74 Public Health and Welfare on H. B. No. 3018-74

The purpose of the bill is to establish a children's mental health services branch within the division of mental health of the department of health. The branch would be divided into four sections—preschool, elementary, intermediate and adolescent—providing highly specialized and centralized services to target age groups. Within each community mental health center there would be established a children's mental health services team which would coordinate and provide necessary services to emotionally disturbed or mentally ill children. Close cooperation is provided for between these teams and the department of education. Further, the department of health children's mental health services branch is to develop a statewide children's mental health services plan by September 1, 1974.

Testimony presented before your Committee strongly indicated that children's mental health services have been sorely neglected. Concentration of services has focused on adult mental health services. Yet the problem of mental illness and emotional disturbance is as prevalent in children as it is in adults.

The Hawaii Mental Health Association in its study "Hawaii and the Children's Crisis", revealed that the incidence of mental and emotional disturbance among all children in Hawaii has been

estimated at twelve per cent. Only 3.89 per cent of these children and youth are receiving services. National figures place the rate of children and youth receiving services at seven per cent. This means that while Hawaii's rate of incidence of emotional disturbance among children does not significantly vary from the national norm, the services available and the number being treated is only half of the national figure.

Your Committee finds that the need to develop service capabilities in children's mental health services is critical. Just as critical is the need to have an explicit mandate to the department of health to develop such services. Since the law only refers to the department of health's responsibility to mental health services in general, children's mental health services have been given low priority. Such a situation cannot continue in view of the magnitude of the problem.

With emphasis being placed on preventive measures rather than remedial or compensatory services in health care, developing an effective children's mental health program should be encouraged. The cost of delivering services to a person suffering from chronic and more severe mental or emotional disturbances far exceeds the cost of preventive care. More importantly, preventive mental health care can prevent human lives from being wasted by mental disease.

Your Committee has amended **House Bill No. 3018-74** as follows:

(1) The children's mental health services branch has been made responsible for providing central and highly specialized programs, acting as training and back-up unit for children's mental health services teams in the community mental health centers.

(2) The functions of the branch have been divided into four sections by age group and their functions have been further detailed. Each section is to provide back-up services for children who cannot be treated in the mental health centers. The adolescent section is to provide residential clinical services.

(3) Children's mental health services teams in the community mental health centers are to coordinate identification and referrals of children and youth in need of mental health services with the department of education. Training and consultation is also available to school personnel.

Your Committee on Public Health and Welfare is in accord with the intent and purpose of **H. B. No. 3018-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 3018-74, H. D. 1** and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 408-74 Finance on H. B. No. 3095-74

The purpose of this bill is to simplify the state planning and budgetary process while still retaining the integrity of the analytic and accountability systems specified therein.

Since the inception of Act 185 almost all of the administrative, procedural, and mechanical aspects of the system have been devised and installed, with the exception of a full, formal variance report, which is not yet due. Nevertheless, neither the executive nor the legislature has been fully satisfied with the outcome.

Since Act 185 was unprecedented, it was inevitable that procedural and conceptual problems arise. These have been identified and relate chiefly to four areas.

One major problem is the requirement for a "pure" program-oriented structure. This requires the "shredding" of organizational units to form programs, greatly inhibits accountability for multi-departmental programs, and creates difficulty in planning for and coordinating multi-departmental programs.

A second major problem is the mass and detail of the data inputs and the volume of the report outputs prescribed by the Act.

A third major problem concerns the lack of a suitable mechanism for focusing and presenting information concisely. The summary plan as specified by the law does not provide decision-makers with a short, integrated, and easy to use description of the major programs, the issues inherent in them, and emerging problems requiring analysis.

The fourth major problem is the high personnel and dollar costs of producing all of the documents with the frequency specified by the Act.

The existence of these difficulties has had a number of consequences which dilute the effectiveness of Act 185 and threaten its long-term viability. These include: (a) a serious overburdening of the State's operating departments because of the data inputting requirements; (b) a lack of opportunity for the department of budget and finance to produce a significant program and policy analyses because of their preoccupation with the mechanics of managing the data flows and generating reports; and (c) a sense of frustration on the part of legislators because the sheer mass of the material submitted has obscured rather than illuminated facts and issues requiring their attention.

The objective of this bill, therefore, and the amendments thereto recommended by your Committee, is to revise and simplify Act 185 (Chapter 7, HRS) so as to make it both less burdensome and more useful. The particular changes to achieve these aims are discussed in the sections which follow and are arranged to follow the principal components of the Act.

Definitions

A. Definitions changed

1. **Source of funding.** This bill proposes that the term "source of funding" be changed to "means of financing". The reason for the recommendation is that, traditionally, "source of funds" is considered as describing revenues to be received by the state, and "means of financing" refers to the type of funding required to finance a program.

2. **Cost elements.** This bill proposes a change in the cost elements included in the research and development cost category from program design and test and evaluation to personal services, other current expenses, equipment, and motor vehicles. The original specification of the research and development cost elements describes the costs of the phases through which a program passes, while the cost elements for the operating cost category are object oriented. Because of this, the administration has been forced to develop a system which collects R & D cost information by object of expenditure and by cost phase. Your Committee feels that the R & D cost category should conform to those included in the operating cost category and therefore accepts the proposal.

3. **Program structure.** This bill alters the definition of program structure to allow for a structure which is organization oriented, objective oriented, or a combination of both. The administration has been forced to collect excessively large amounts of data because of the purely objective orientation. In addition, the resultant shredding of costs between programs has posed considerable problems. For these reasons, the definition has been made less restrictive, and all references to the program structure have been changed appropriately. Your Committee accepts this change.

4. **Capital investment costs.** In addition to the definition changes specified in this bill, your Committee feels that there is a need to change the definition of capital investment costs. There has been a certain amount of confusion over the term and the recommended change is intended to amplify and clarify its meaning.

B. Definitions eliminated

1. Cost sub-elements.

2. Non-capital investment.

This bill eliminates the above definitions. In the case of cost sub-elements, which exist within the capital investment cost category, they have been proven to require a needless amount of data collection. For planning purposes, costs below the element level are unnecessary and appropriations are made at the element level for capital investments. Non-capital investment costs represent a cost category which has little use and/or understanding in state government. It is however, recognized that there is a type of cost other than oper-

ating and capital investment. This type of cost applies to programs which are not fully operational and which can be classified as research and development costs. Your Committee concurs with these recommendations in order to simplify the system and relieve the administration of some of its data collection and data handling problems.

3. Reimbursable general obligation bonds.

Your Committee recommends the elimination of the above definition because the term "general obligation reimbursable bonds" is already defined in the act and it would prove redundant.

C. Definitions added

1. **Interdepartmental transfers.** Your Committee proposes the addition of the above to clarify the distinction between funds which must be appropriated for a program and funds which a program expends, but which are transferred to it from a program to which they had been appropriated.

2. **Capital expenditures.** The above term was not included in the original definition but nevertheless used throughout the act. Your Committee recommends the addition of the terminology and further recommends that the definition includes reference to relevant expenditures other than payments to contractors.

The Plan

A. One of the principal changes proposed by the administration in this bill is to submit full program plans only biennially, in conjunction with the regular budget submissions in odd-numbered years.

The administration is convinced that to continue submitting reports with the frequency originally specified is not only costly in time, money, and effort, but yields little in the way of added benefits. These resources can be put to much better use in such tasks as gathering and refining data, identifying issues, and analyzing programs thereby improving the quality of decision-making—the real objective of the State's PPB system. Furthermore, in the great majority of cases, long-range plans do not change so drastically from year to year as to warrant the costly repetitions involved in this effort.

Your Committee believes that the benefits achieved are not commensurate with costs incurred and favors adopting the proposed amendment. Nevertheless, your Committee also feels that the legislature must have full program information on those programs for which a change is being proposed in the governor's "off-year" budget adjustments. The department of budget and finance should thus stand notified that revised individual program plans are to be submitted on every program in the "off-budget" year for which a significant policy change or substantial funding change is being undertaken by the executive. Furthermore, the department of budget

and finance should move ahead with all deliberate speed in developing a system to up date its program plans at regular periodic intervals during each year so that both the executive and legislature may easily and accurately determine the current status of any program.

B. This bill proposes to eliminate the requirement for program narratives for all levels above the individual lowest-level program plans. The reason for this is that in only a very few cases are there actual program managers to write such narratives; they contain a great deal of redundant material since they must repeatedly discuss the same items carried upward from the lower levels; the time required to prepare them is great and the work falls chiefly on the budget and finance staff during the crowded program review and budget-making period; and these narratives add anywhere from 500 to 2000 pages to program documents. Furthermore, the program memoranda, discussed in a subsequent section, cover almost exactly the same material as is required for the intermediate level narratives, but without their excessive repetition.

Your Committee recommends adoption of this proposed amendment.

C. This bill also proposes to revise and shorten the list of required items to be included in the lowest-level program plan narratives. This change is intended to shorten the narratives by including only relevant material and to focus greater attention on trends in the data and how they relate the budget period to that which came before it and the planning period which follows it. Explanations are also required for significant differences between current actual costs and performance and previously planned levels.

The list of required points for discussion is reduced from 10 to essentially 5 by eliminating those having applicability only when a major program change is being recommended. Where this is the case, however, the revised narrative requires a summary of the analytical basis for the change using the standard format of special analytic studies.

The potential saving in program submission pages from this change is between 1500 and 2500.

Your Committee recommends approval of this proposed change.

D. The administration's bill recommends elimination of the non-capital investment cost category and the cost of sub-elements under the capital investment cost elements.

Making provision for the non-capital investment cost category requires work, space in forms, programming, and computer file storage capacity; yet, it is seldom if ever used. To the extent that non-capital investment costs are actually experienced, they can be incorporated with the R & D cost category to which they are akin.

Similarly, providing for the cost sub-elements under capital investment (the only cost category to have cost sub-elements) uses up time, money, and space, yet these sub-elements (costs of consultants, landscaping, etc.) are not required in the budget, are seldom if ever used in planning decisions, and are in most cases not even available for the "out-years" of the planning period.

E. This bill proposes to show, in the plan, personnel positions for each program as a whole, rather than by individual cost category within the program. This appears to be a conceptually desirable emphasis in the plan on the boarder aspects of resource usage; furthermore, personnel positions continue to be shown by cost category in the budget displays. Your Committee, therefore, concurs in this proposal and recommends its adoption.

F. The administration proposes to add language to chapter 37 giving the director of finance authority to merge the plan and the budget where he deems it practical and desirable. This discretionary power would provide the basis for one of the more powerful of the reforms proposed in H. B. No. 3095-74. Merger of the plan and budget would greatly reduce the number of reports to be prepared since so many common items of information have to be reported separately for the plan and the budget. Furthermore, combining the two documents would eliminate the problem of reconciling data, simplifying the computer files, facilitating the preparation of the plan and budget reports, and, most important, eliminating the apparent and undesirable dichotomy between planning and budgeting. Your Committee strongly recommends adoption of this proposal.

G. Your Committee recommends that the act be amended to eliminate the requirement for the report currently identified as P-65 (reference Section 37-69 (d) (2) (C)). This report indicates, for all but the lowest level programs, cost by cost categories for each program at the next lower level, the total for each category, and for all categories. After investigation, your Committee finds there is no discernible need for such a summary, but its existence incurs costs, takes space, and more importantly, would be one of the obstacles to making the full and the summary plan co-extensive, and would in turn block merger of the budget plan.

The Summary Plan

In light of the changes which have been proposed for the plan, as noted above, and in light of the change to be proposed in the following section having to do with the addition of cost element information to the budget, it appears to your Committee that there no longer is any justification for maintaining a summary plan. The complete plan is now of a manageable size and format and will be printed and furnished every member of the legislature. That is a notable gain in simplicity and your Committee recom-

mends this change.

The Budget

None of the current requirements of the act provides for the printing of cost element information for the cost categories other than capital investment. This bill proposes to amend Section 37-71 to require the display of cost information at the cost element level for all cost categories for at least the budget period. This, and the proposed merger of the plan and budget will make this added item of information routinely available and as such represents a net gain in easily accessible information. Your Committee strongly recommends adoption of this proposed amendment.

The Variance Report

H. B. No. 3095-74 proposes a number of changes in the requirements for the variance report. Three of the most important of these recommended by the administration provide that the formal variance report be submitted biennially rather than annually, that the data and narratives cover only complete fiscal years, and that there be two complete fiscal years rather than just one.

The rationale for publishing a formal variance report only biennially in the "off-budget" year, is simply that preparation of this 7-volume, 4000 page document creates an unmanageable peak workload.

The arguments for biennial submission is in keeping with suggestions offered earlier for the PFP. However, there is the overriding consideration that the currency of data is paramount and your Committee therefore recommends that the annual cycle be accordingly continued.

This bill proposes two other changes in variance reporting: (a) elimination of reports on the year in progress at the time the report is prepared; and (b) elimination of narrative explanations in those cases where the actual data and previously planned results do not differ significantly by requiring that major deviations only be reported.

Your Committee finds after review that, indeed, variance reports on the year in progress have very little meaning. With respect to funds, the usual basis of comparison is the difference between appropriations and expenditures. But since appropriations are made only on a complete year basis, there is no bench-mark against which to measure first quarter expenditures for the year in progress (the maximum actual data available at the time a variance report is prepared). And it would be a relatively unusual circumstance in which the estimate for the last three quarters would not be simply the difference between the appropriated amount and the first quarter's actuals.

Your Committee also agrees that narrative explanations of differences between planned

and actual costs and performance should be restricted to those cases in which the differences are, from either a programmatic or policy standpoint, significant. Unfortunately, these limits cannot be established in advance or on a universal basis so that it would appear that the principle and general limitations as expressed in the proposed amending language is as far as the law may safely go and your Committee recommends its adoption.

Variance reporting on capital investment costs is a much different situation from the operating and R & D cost categories. In the capital investment area comparisons of total appropriations and expenditures in any one year are, of course, meaningless. Even planned and actual capital expenditures for a given year are not particularly revealing. Moreover, cost data for the total capital costs of a program where more than one project is being carried out may well be more misleading than helpful: a cost over-run on one project may be counter-balanced by a cost under-run on another project with the net result showing no variance whatever. Clearly, therefore, capital investment variance reporting must focus on the individual capital improvement projects and it must be concerned with total expenditures to date as compared with total appropriations, costs to completion as compared with original cost estimates, currently scheduled completion date as compared with the originally scheduled date, etc.

Fortunately, the full menu of required data is already a requirement of the plan (Section 37-69 (d) (1) (K) and is provided by report P-79, capital improvement project details. This bill proposes to make this report the source of the basic quantitative data for capital investment variance reporting, supplemented by analyses of significant differences in the variance report proper.

Your Committee agrees with this proposal and recommends its adoption. Report P-79, however, is an extremely voluminous document covering up to two thousand capital improvement projects in considerable detail. Your Committee recommends that report P-79 continue to be submitted directly in the form of computer print-outs and in some reasonably limited number of copies. These should probably be directed to the respective appropriations committees and held there for ready reference by interested members of the legislature.

This bill also proposes to move the submission date for the variance report to the point 20 days prior to the beginning of the legislative session. Your Committee finds no objection to this change and recommends its approval.

Program Memoranda

This bill proposes to add a new Section 37-70 to the law in lieu of the existing Section 37-70 which deals with the summary plan recommended for abandonment. This new section adds the

requirement for biennial production of program memoranda, specifies their content, and requires their submission in conjunction with the major program and budget submissions to the odd-number year sessions of the legislature.

Act 185, as originally drawn, did not provide for the vast amount of data generated by its provisions to be brought to a selective focus for decision-making purposes and it offered only a weak linkage between the more-or-less mechanical aspects of the program plans and budget and the analytic process. The addition of the requirement for a program memorandum for each major program, to be submitted biennially in conjunction with the program and budget submissions, fills a major gap in the PPB decision-making system. It provides a means of giving a selective overview of each major program, the principal changes being proposed for it with the analytic rationale for those changes, an assessment of emerging problems and alternative solutions thereto, and finally suggests a possible program of analyses to meet these emerging problems.

The administration's experience with implementation of Act 185 to date would seem to indicate that program memoranda could strengthen the resource allocation process by serving as an effective and efficient way of: (a) exchanging view on program proposals between the governor and his cabinet members; (b) reaching and recording decisions during the program review process; (c) making the analytic rationale for those decisions known to the affected program managers; and (d) informing the legislature about the State's programs, policies, and problems and what the administration proposes to do about them. In addition, these documents will provide a quite adequate and economical substitute for the intermediate-level program narratives which were recommended for elimination in an earlier section.

In order to test the feasibility and potential usefulness of these documents, the administration has prepared a full set of eleven such program memoranda on a trial basis and has sent them to the legislature. Based on both theoretical considerations and the reaction thus far to these initial documents, your Committee feels program memoranda would be an extremely desirable addition to the statewide PPB system and recommends adoption of this proposal.

In consideration of the desirability of still greater integration of all parts of the PPB system, and in order to enhance still further the convenience of using the various related documents, your Committee has amended **H. B. No. 3094-74** to provide the director of finance with the authority to merge appropriate parts of the plan with the corresponding program memoranda where he deems it practical and desirable to do so.

Implementation Schedule

This bill undertakes to amend Section 37-78

of the current statutes to include implementation dates for the various revised and new documents proposed. Generally, it calls for the first program memoranda in January 1975. Your Committee is aware of the many problems which must be overcome in a very short time if some appropriate earlier implementation were to be attempted, but in view of the major benefits to the legislature and the public, it is the Committee's intent that the administration incorporate all of the above discussed reforms, having been deemed feasible by the director of the budget and finance, for presentation to the 1975 session of the legislature.

Other Changes

This bill suggests a number of detailed changes in the language of Chapter 37, HRS, in order to correct earlier grammatical, editorial, and typographical errors and, more importantly, to make the language throughout the section consistent with the substantive changes currently proposed. Your Committee has reviewed these changes, finds them acceptable, and recommends their adoption. However, your Committee recommends certain necessary amendments to **H. B. No. 3095-74** to achieve still greater consistency and to accommodate the substantive amendments to **H. B. No. 3095-74** recommended by this Committee.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 3095-74**, as amended herein, and recommends that it pass second reading in the form attached hereto as **H. B. No. 3095-74, H. D. 1**, and be placed on the calendar for third reading.

Signed by all members of the Committee.

SCRep. No. 409-74 Consumer Protection on H. B. No. 2635-74

The purpose of this bill is to technically amend Chapter 383, Hawaii Revised Statutes, relating to Unemployment Compensation Law. As stated in **Standing Committee Report No. 211-74** of your Committee on Labor and Public Employment the amendments will clarify terms used in sections 383-7(4)(B) and 383-3(17) and the changes made to section 383-168(9) will better integrate the chapter with other work related programs.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 2635-74, H. D. 1** and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. No. 410-74 Consumer Protection on H. B. No. 3001-74

The purpose of this bill is to authorize the expenditure of funds in the real estate recovery fund for purposes of retaining private legal counsel to represent the Real Estate Commission involving the fund.

The fund was established to indemnify an aggrieved person who recovers damages in a court action due to fraudulent acts of real estate brokers and salesmen. The proposal transfers the function from the attorney general to the private attorney and the authority given to the commission is similar to that authorized the contractors license board with respect to the contractors recovery fund.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 3001-74** 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. 411-74 Consumer Protection on H. B. No. 2827-74

The purpose of this bill is to expand the definition of elevator mechanic to include the maintenance of stage lifts and mechanized parking garage elevators. The Department of Labor and Industrial Relations and the Elevator Mechanics Licensing Board have endorsed this bill as it will clarify the types of equipment that fall within its jurisdiction.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 2827-74** 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. 412-74 Consumer Protection on H. B. No. 2810-74

The purpose of this bill is to further limit telephone solicitations which are coupled with inducements by adding a new provision which prohibits the use of cross-reference telephone directory to make such calls.

A solicitor is required to obtain a permit under existing law, and such permittee is prohibited from making telephone solicitations if the calls are coupled with offers of free gifts, prizes and other inducements. The bill further restricts such solicitations by prohibiting the use of a cross-reference telephone directory in connection with such sales. The intent of the added limitation is to further limit the indiscriminate use of the telephone to harass the recipients of such calls. Although in accord with the intent of the proposal, your Committee deleted the added restriction because it believes that the prohibition would be practically impossible to enforce.

Under existing law such telephone solicitations are prohibited if made to individuals at their homes. Your Committee upon consideration of the matter has amended the provision by also prohibiting such calls to individuals at their place of employments. The added restriction is

necessary because solicitors have been circumventing the law by calling individuals at work.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 2810-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2810-74, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 413-74 (Majority) Consumer Protection on H. B. No. 2796-74

The purpose of this bill is to define custodian or caretaker as it relates to the real estate license law since such person is exempted from the licensing law if he offers to lease or rent real estate of which he is the custodian or caretaker.

The definition is necessary to settle problems as to who are or are not exempted under the licensing section when applied to various factual situations. As newly defined a custodian or caretaker must work for a single owner. The intent of the bill is to prevent a person who works for more than one owner from offering to lease or rent without a license and the amendment was supported by the Hawaii Association of Realtors and the Real Estate Commission.

Your Committee on Consumer Protection has amended the bill by rearranging the language of the last clause of the definition which reads "that a single owner shall not include a condominium, cooperative or planned unit development association of owners" to "that a single owner shall not include an association of owners of a condominium, cooperative or planned unit development."

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 2796-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2796-74, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

Representative Roehrig did not concur.

SCRep. No. 414-74 Agriculture on H. B. No. 2787-74

The purpose of this bill is to improve the organization and coordination of agriculture programs and programs related to agriculture in Hawaii by creating the position of assistant to the governor for agriculture in the office of the governor.

Your Committee finds that there is a need to improve the organization and coordination of agriculture and agriculture-related programs in Hawaii. The future of agriculture in Hawaii depends heavily upon the programs of the various

State agencies which must provide the necessary resources and support to assist private industry in the maintenance and development of agriculture. The heavy reliance of the agriculture industry in Hawaii on the various government agencies requires that our scarce governmental resources be utilized in the most efficient and effective fashion. Thus, it is vital that the programs of the various support agencies be coordinated.

The need for a coordinated effort between and among the various agencies and private industry was recognized by the Fourth State Legislature in its Budget Session of 1968 when it mandated the State Agriculture Coordinating Committee to develop a comprehensive general plan for agriculture in the State of Hawaii to provide a means for evaluating alternative programs and to establish a framework for policy formulation within the industry. The Agricultural Development Plan prepared by the Agriculture Coordinating Committee in response to the legislative mandate specified that the then existing organizational arrangements for carrying out coordinated agricultural programs and for implementing the plan needed to be improved. It identified three options to improve the coordination and implementation of State agricultural programs. Those three options were to delegate the responsibility for coordination and implementation to:

- (1) the governor's administrative director;
- (2) the director of a "lead" agency; or
- (3) a full-time assistant to the governor for agriculture to serve as chairman of the Agriculture Coordinating Committee.

The third option was exercised, and a full-time assistant to the governor for agriculture was funded and appointed. Your Committee agrees with this organizational arrangement as necessary and desirable to facilitate the coordination and implementation of State agricultural programs. However, your Committee finds that the authority and responsibilities of this office have not been clearly defined by statute. As a result, problems such as program fragmentation, lack of clear program direction, overlapping programs, lack of clearly defined responsibilities, failure to provide authority with responsibility, and the failure to establish and implement program priorities have surfaced from time to time.

Your Committee was particularly dismayed regarding the lack of effective coordination between agriculture programs in the various State agencies wherein success is dependent upon cooperative and coordinated efforts. The interrelationship and inter-dependence of agriculture endeavors and regard to availability of land, human resources, credit, transportation, storage, processing capability, market research, and product promotion, etc., are well known; yet the coordination required to ensure the cumulative success of these programs and projects is not in evidence at this time.

Effective coordination of agriculture and agriculture-related programs and projects was

clearly recognized by the Agriculture Coordinating Committee as noted above. The need for more effective coordination has become even more evident as the planning, programming, and budgeting (PPB) system has been implemented in State government. The PPB system is designed to promote the achievement of government objectives as effectively and efficiently as possible and intimately tied to this goal is the organizational structure of State government. The importance of a proper organizational structure is readily apparent because one of the key elements of the PPB system is the ability to compare and relate programs to each other and to establish program priorities. The organizational structure should ensure that the review cuts across agency lines in order to compare and relate programs and should reduce agency apprehensiveness regarding one line agency's dominance over the other agencies. However, despite the implementation of the PPB system in State government, the present organizational structure for agriculture does not effectively provide for objective program review and coordination of the agriculture and agriculture-related programs of the various agencies. The appointment of a full-time assistant to the governor for agriculture provided the mechanism for overall review of the various agriculture and agriculture-related programs by an official who had no particular agency loyalties. Unfortunately, the responsibilities and authority of the position were insufficient to effectively coordinate the State's agricultural efforts, and improvements must be made in the organizational structure to provide the mechanism required to ensure effective agency coordination. nate the State's agricultural efforts, and improvements must be made in the organizational structure to provide the mechanism required to ensure effective agency coordination.

The necessity for clearly defining the responsibilities and duties and providing sufficient authority to the assistant to the governor for agriculture is not only consistent with good organizational structure but, more importantly, it will enable the State government to act promptly and effectively to coordinate State programs to ensure that the benefits of a sound and thriving agricultural economy will accrue to the people of Hawaii. It is critical that in this period of tremendous agricultural adjustment improved and effective coordination of the efforts of the various agencies be ensured in order that agriculture may not only survive as a viable and important part of our economy but also develop to its maximum potential.

Your Committee, therefore, has amended **H. B. 2787-74, H. D. 1**, to provide clarification of the organizational structure regarding the coordination of State agricultural efforts, to assign and define responsibilities for coordination, and to provide the appropriate authority to carry out these important responsibilities. **H. B. 2787-74, H. D. 2**, establishes by statute the present office of the assistant to the governor for agriculture and defines his responsibilities and authority with regard to coordinating the State's agricultural

efforts which are implemented by the departments of agriculture, land and natural resources, planning and economic development, the college of tropical agriculture of the university of Hawaii, and the department of Hawaiian home lands. The efforts of these and other State agencies with regard to programs and projects related to agriculture are to be coordinated by the assistant to the governor for agriculture.

The coordination efforts are to be maintained organizationally within the governor's office in the form of an assistant to the governor for agriculture. Your Committee believes that it is necessary and desirable that the coordination efforts be maintained within the governor's office as it ensures that the assistant to the governor for agriculture will be afforded access to the governor who is, in the final analysis, responsible for coordinating State agricultural efforts.

In an attempt to further improve the coordination of State agriculture and agriculture-related programs and projects, your Committee determined that there is a need to formally establish by statute the existing, but dormant, Agriculture Coordinating Committee. This committee, whose membership is composed of the chairman of the board of agriculture, the chairman of the board of land and natural resources, the chairman of the Hawaiian homes commission, the director of the department of transportation, the director of the department of planning and economic development, and the dean of the college of tropical agriculture of the university of Hawaii, and is chaired by the assistant to the governor for agriculture, has been in existence for a number of years and was responsible for the development of the monumental Agriculture Development Plan for the State of Hawaii. However, because of apparent difficulties with the membership, role, and organizational structure, the committee has not met for approximately eighteen months. Your Committee believes that it is essential for agriculture and for Hawaii's economy that open and formal interchange between members of the Agriculture Coordinating Committee, who serve at the highest levels of State government, be maintained and encouraged. The failure to do so would make it difficult to mount a genuine and cooperative effort at ensuring the success of agriculture in Hawaii.

Therefore, your Committee has amended the bill to establish by statute the present Agriculture Coordinating Committee and to charge it with assisting the assistant to the governor for agriculture in coordinating State agriculture and agriculture-related programs and projects. In addition, your Committee has formally provided for the open and formal interchange required of those responsible for State agriculture programs and projects by adding the requirement that the Agriculture Coordinating Committee meet at least once each quarter.

The success of agriculture in Hawaii depends as much, or more, on the efforts of private industry

and other levels of government as it does on State government efforts. For this reason, your Committee believes that the assistant to the governor for agriculture should form a committee composed of representatives of the State, county, and federal governments and of private industry to assist in the coordination efforts to be required by statute.

Finally, your Committee believes that the coordination efforts required in the agricultural sphere may not be confined to agriculture alone, but indeed may be representative, as witnessed by mounting testimony and legislation regarding other program areas, of the problems in other areas of State government. Fortunately, the State's present organizational structure with regard to agriculture provides a ready and suitable mechanism for coordinating the State's efforts in agriculture. Your Committee has, in **H. B. 2787-74 H. D. 2**, formalized the present organizational structure in terms of the assistant to the governor for agriculture and provided this office with the necessary authority to carry out his defined responsibilities. In addition, your Committee has formalized the Agriculture Coordinating Committee. Thus, while there may be a need for a general review and reorganization of State government, the importance of the agricultural sector and its need for more effective coordination require that positive steps be taken now to meet its needs.

Your Committee believes that **H. B. 2787-74, H. D. 2**, provides the mechanism and catalyst for improving the coordination of State agriculture and agriculture-related programs and projects. Your Committee notes that **H. B. 2787-74, H. D. 2**, is supported by the Hawaii Farm Bureau Federation and the college of tropical agriculture. Your Committee believes that **H. B. 2787-74, H. D. 1**, as amended, incorporates points raised by the department of planning and economic development, the department of land and natural resources, and the department of agriculture, and clarifies certain other points so that those departments should have no serious objections to this bill.

Your Committee has also amended **H. B. 2787-74, H. D. 1**, to change the effective date of this act to January 1, 1975, in the belief that sufficient time should be provided to effectuate the organizational adjustments. However, your Committee hopes that the change in effective date will not reduce the urgency for coordination and cooperation in the State's agriculture efforts, but instead will serve to minimize the attendant friction and tension when a new role is introduced in any organizational structure.

Finally, your Committee notes that **H. B. 2787-74, H. D. 2**, does not establish a "czar" for agriculture who will administer the agriculture and agriculture-related programs and projects of the various agencies. Instead, **H. B. 2787-74, H. D. 2**, is designed to provide by statute the mechanism by which an assistant to the governor for

agriculture can, with the cooperation of the various State agencies, coordinate the State's agriculture and agriculture-related programs and projects in the best interests of the people of Hawaii.

Your Committee on Agriculture is in accord with the intent and purpose of **H. B. No. 2787-74, H. D. 1**, as amended herein, and recommends that it pass Third Reading in the form attached hereto as **H. B. No. 2787-74, H. D. 2**.

Signed by all members of the Committee.

SCRep. No. 415-74 Labor and Public Employment on H. B. No. 866

Your Committee, upon consideration of this bill, finds that Section 26-34 conflicts with the intent and purpose contained in paragraph one of Section 89-5. Your Committee feels that any person appointed to serve on the Board should serve his term from the effective date of his appointment. Therefore, your Committee has amended this bill to reflect the true intent and purpose of this section.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of **H. B. No. 866**, as amended herein, and recommends that it pass second reading in the form attached hereto as **H. B. No. 866, H. D. 1**, and be placed on the calendar for third reading.

Signed by all members of the Committee.

SCRep. No. 416-74 Public Health and Welfare on H. B. No. 2062-74

The purpose of this bill is to provide the State with legislation designed to help reduce injuries to, and illnesses of, young children which arise from accidental ingestion of substances produced or distributed for sale for consumption, use or storage by individuals in or about the household. The bill would require household substances which are accessible to young children and which may cause injury or illness to be contained in special packaging. Such substances include aspirin, furniture polish, controlled drugs, turpentine, kindling or illuminating preparations, methyl alcohol, sulfuric acid, prescription drugs, sample packages, and other substances hazardous to children.

Based on the Model State Act adopted by the National Drug Trade Conference in 1972, **House Bill No. 2062-74** is similar to federal legislation on the same subject — the Poison Prevention Packaging Act of 1970. The necessity to pass this State law is to pre-empt the Federal Government from taking over regulation in this area. Your Committee is of the opinion that the State is in a better position to monitor and regulate its own poison prevention packaging because of possible local peculiarities.

From testimony presented before your Com-

mittee, **House Bill No. 2062-74** has been amended in the following manner:

(1) The term "economic poison" has been replaced with the term "pesticide". Economic poison is an archaic term.

(2) The definition of "hazardous substance" has been amended by deleting the reference to toys. The problem of toys is already regulated under the Consumer Product Safety Act (PL 92-573).

(3) The definition of "economic poison" which has been amended to read "pesticide" has been amended to include the administrator of the Environmental Protection Agency as a second official unit to designate and declare certain forms of plant and animal life or viruses to be pests. This amendment was necessary since the Environmental Protection Agency is the agency which administers the Federal Insecticide, Fungicide, and Rodenticide Act of 1970, parts of which overlap with this Poison Prevention Act.

(4) Sec. -6 relating to special packaging standards has been amended by deleting subsection (e) concerning the procedures for adopting rules. Chapter 91, Hawaii Revised Statutes, adequately provides for adoption of rules.

(5) Sec. -7 relating to the technical advisory committee has been deleted since its establishment is not necessary. The Consumer Product Safety Commission which has a Product Safety Advisory Council would provide adequate technical information for the administration of this Poison Prevention Act.

Your Committee would also like to note that this Act does not apply to the packaging of tobacco products.

Your Committee on Public Health and Welfare is in accord with the intent and purpose of **H. B. No. 2062-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2062-74, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 417-74 Public Health and Welfare on H. B. No. 2731-74

The purpose of this bill is to amend chapter 329, Hawaii Revised Statutes, to update the listing of controlled substances under the Uniform Controlled Substances Act. These amendments would bring Hawaii's controlled substances law in conformance with the Federal Uniform Controlled Substances Act.

Under section 329-11, the department of health is required to submit recommended changes to controlled substances schedules in a report. This bill contains such recommended changes.

Your Committee has made minor changes to

provide consistency to the bill. Section 329-20(b), Hawaii Revised Statutes, has been amended by deleting "methaqualone" from schedule IV. "Methaqualone" is already listed under schedule II.

Your Committee on Public Health and Welfare is in accord with the intent and purpose of **H. B. No. 2731-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2731-74, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 418-74 Judiciary and Corrections on **H. B. No. 2714-74**

The purpose of this bill is to add a new chapter entitled "Fine Art" to the Hawaii Revised Statutes.

The new chapter defines "artist", "art dealer" and "art merchant" and sets forth their respective rights and liabilities in dealing with each other as well as their respective rights and liabilities with respect to the public.

Essentially, the bill establishes standards of conduct for the market place dealing in fine art.

Your Committee on Judiciary and Corrections is in accord with the intent and purpose of **H. B. No. 2714-74** and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. No. 419-74 Judiciary and Corrections on **S. B. No. 1573-74**

The purpose of this bill is to amend Section 572-12, Hawaii Revised Statutes, to allow any religious society not having clergy to solemnize marriages.

Your Committee heard testimony from the National Spiritual Assembly of the Baha'is of the Hawaiian Islands and the Honolulu Friends Meeting of the Religious Society of Friends (Quakers) to the effect that, in accordance with the rules and customs of these religious societies, marriages of their members are solemnized by the respective religious societies and not by individuals within the societies. The passage of this bill would allow these religious societies to solemnize their marriages in the manner most meaningful to their members.

Your Committee on Judiciary and Corrections is in accord with the intent and purpose of **S. B. No. 1573-74** 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. 420-74 Judiciary and Corrections on **H. B. No. 2075-74**

The purpose of this bill is to amend the penal code provisions relating to theft to provide stiffer penalties where extortion is involved.

Under the present law, theft in the first degree is a class C felony, punishable by a fine of up to \$5,000 and imprisonment of up to 5 years. Theft in the second degree is presently a misdemeanor punishable by a fine of up to \$1,000 and imprisonment of up to 1 year. This bill would make theft in the first degree, when committed by means of extortion, a class B felony, and theft in the second degree, when committed by means of extortion, a class C felony. This would mean that theft in the first degree, when committed by means of extortion, would be punishable by a fine of up to \$10,000 and imprisonment for up to 10 years and theft in the second degree, when committed by means of extortion, would be punishable as described above for a class C felony. Other forms of theft in the first and second degrees would remain as class C felonies and misdemeanors, respectively. Your Committee believes that the nature of the crime of extortion and the fact that it appears to be one of the principal activities of organized crime justifies stiffer penalties for cases of theft involving extortion.

Your Committee on Judiciary and Corrections is in accord with the intent and purpose of **H. B. No. 2075-74** 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. 421-74 Judiciary and Corrections on **H. B. No. 2720-74**

The purpose of this bill is to amend section 730 of the Hawaii Penal Code relating to the crime of rape in the first degree.

Under the present statute, a male commits the offense of rape in the first degree, if among other things, the victim is not, upon the occasion of the alleged rape, his voluntary social companion who had within the previous twelve months permitted him sexual "contact". The bill would change the word "contact" to "intercourse" with the result that a defendant would not escape conviction by showing mere sexual "contact" within the preceeding twelve months. Sexual intercourse, however, would provide a defense.

Your Committee believes that the fact that a female has allowed a male previous sexual contact should not be taken to mean that the female has consented to sexual intercourse. However, there appears to be justification for allowing a defense of prior sexual intercourse.

Your Committee on Judiciary and Corrections is in accord with the intent and purpose of **H. B. No. 2720-74** 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. 422-74 (Majority) Judiciary and Corrections on **H. B. No. 2674-74**

The purpose of this bill is to amend section 738 of the Penal Code relating to the crime of indecent exposure.

Under the present statute, a person commits the crime of indecent exposure if he exposes his genitals to a person not his spouse under circumstances likely to cause affront or alarm and with the intent to gratify his own or another person's sexual desires. This bill would make a person guilty of the offense if he exposes his genitals in a public place where he is likely to be seen by others and under circumstances likely to offend the community's sense of common decency, propriety, and morality. The bill would also delete the requirement of intent to gratify sexual desire.

Your Committee on Judiciary and Corrections is in accord with the intent and purpose of **H. B. No. 2674-74** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

Representative Fong did not concur.

SCRep. No. 423-74 Judiciary and Corrections on **H. B. No. 2624-74**

The purpose of this bill is to amend sections of chapter 580, Hawaii Revised Statutes, so that the provisions of that chapter apply equally to males and females without discrimination against either by reason of sex. Your Committee has amended the bill to reflect language changes made to some of the affected sections by Act 211, Session Laws of Hawaii 1973, which were inadvertently omitted from the bill as originally drafted. The bill has been further amended to include minor technical changes for clarity which do not affect the substance of the bill.

Your Committee on Judiciary and Corrections is in accord with the intent and purpose of **H. B. No. 2624-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2624-74, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 424-74 Judiciary and Corrections on **H. B. No. 2484-74**

The purpose of this bill is to add a new paragraph to section 290-12, Hawaii Revised Statutes, to provide that the fact that a person is the last registered and legal owner of an abandoned vehicle shall be prima facie evidence that such person is the person who knowingly and intentionally abandoned the vehicle. Your Committee has amended the bill by making minor style

changes for clarity which do not affect the substance of the bill.

Your Committee on Judiciary and Corrections is in accord with the intent and purpose of **H. B. No. 2484-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2484-74, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 425-74 Labor and Public Employment on **H. B. No. 2826-74**

The purpose of this bill is to amend the Hawaii Occupational Safety and Health law to require that all safety inspections of elevators, dumbwaiters, escalators, moving walks or ramps, menlifts, and workmen's or personnel hoists be performed by inspectors of the department of labor and industrial relations who are qualified elevator inspectors and employed primarily for purposes of elevator inspection work.

Safety inspection of elevators and related moving and hoisting equipment is now performed by inspectors in the department of labor and industrial relations and by private individuals certified as elevator inspectors by the department. These private inspectors inspect equipment on a "fee" basis, primarily for insurance companies.

This bill would require that safety inspection of elevators and related moving and hoisting equipment be performed by State personnel who have met the qualification requirements proposed in the bill. Presently certified private inspectors would, however, be permitted to continue inspection work under a "grandfather" clause in the bill.

Your Committee agrees that all safety inspection work should be performed by qualified State personnel to the extent it is possible. The director of labor and industrial relations also supports this concept. Your Committee has amended the bill by adding language which was inadvertently omitted but necessary to effect the apparent meaning initially intended by the bill in its original form.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of **H. B. No. 2826-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2826-74, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 426-74 Education on **H. R. No. 154**

The purpose of this resolution, as amended, is to request the Department of Education and the Hawaii State Teachers Association to work together and resolve the problem of the supervision of students during nonschool hours.

Your Committee finds that the problem of supervision of students during nonschool hours should be left to the Department of Education and the Hawaii State Teachers Association to resolve by negotiation. Your Committee has amended this resolution accordingly.

Your Committee on Education is in accord with the intent and purpose of **H. R. No. 154**, as amended herein, and recommends that it be adopted in the form attached hereto as **H. R. No. 154, H. D. 1**.

Signed by all members of the Committee.

SCRep. No. 427-74 (Majority) Education on H. R. No. 333

The purpose of this resolution is to request the Honorable Speaker of the House of Representatives to establish an interim committee on education for the 1974 interim period to prepare for the 1975 session.

The 1975-77 budget for education is expected to incorporate the results of several major studies. These studies include, among others, the master plans for special education and for counseling and guidance, the Booz, Allen, and Hamilton study on administrative staffing, and the evaluation report on the modified 3 on 2 arrangement. These educational programs and management issues require careful analysis by legislators which can best be undertaken during the interim period.

Your Committee on Education is in accord with the intent and purpose of **H. R. No. 333** and recommends that it be adopted.

Signed by all members of the Committee.

Representative Kawakami did not concur.

SCRep. No. 428-74 Water, Land Use and Development on H. C. R. No. 50

The purpose of this concurrent resolution is to request the federal government to grant assurances to the taro farmers of Hanalei Valley on Kauai that their leases will be renewed, granting them long-term tenancy.

Your Committee heard testimony to the effect that the Hanalei area produces more than 40% of Hawaii's taro. The State of Hawaii and the County of Kauai are committed to the continuation of taro farming. Without long-term leases, the taro farmers are unable to secure the financing necessary to improve their present cultivation practices.

Your Committee on Water, Land Use and Development concurs with the intent and purpose of **H. C. R. No. 50** and recommends its adoption.

Signed by all members of the Committee.

SCRep. No. 429-74 Water, Land Use and

Development on H. B. No. 2784-74

The purpose of this bill, as amended, is to amend present law relating to fishing rights and regulations to permit persons to take fish at any time in the waters of designated areas of Pokai Bay and Haleiwa Harbor only by line, pole and line, crab nets and hand nets for bait shrimp.

At present, fishing is permitted under such limited conditions in the Waikiki Reclamation Canal, Kapalama Drainage Canal and off Heeia-kea Wharf on Oahu, and the Kapaa and Waikaena Canals on Kauai. In the past, conflicts have arisen between pole and line fishermen and net fishermen at Pokai Bay and Haleiwa Harbor. This bill will eliminate such conflict.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of **H. B. No. 2784-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2784-74, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 430-74 Consumer Protection on H. B. No. 2968-74

The purpose of this bill is to amend section 132-9.5, Hawaii Revised Statutes, relating to automatic elevators by adding a new fire safety requirement.

Section 132-9.5 was enacted in 1972 and provided for certain features to be added to all automatic elevators installed in buildings with more than five floors. This bill requires such elevators to be equipped with heat and smoke sensing devices, and your Committee believes that this safety measure is a desirable addition to the section.

Your Committee has amended the bill with the following technical amendments:

1. Corrected the reference standard to which the heat and smoke sensitive equipment must comply.
2. Corrected the reference chapter under which the Director of Labor and Industrial Relations may adopt rules and regulations.
3. Amended the effective date to July 1, 1974.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 2968-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2968-74, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 431-74 Higher Education on H. B. No. 2599-74

The purpose of this bill is to allow the Board of Regents to charge the public for admission to the aquarium.

Presently, the Board of Regents can charge admission fees, but only up to 25 cents for adults and 10 cents for children.

Your Committee on Higher Education is in accord with the intent and purpose of H. B. No. 2599-74, H. D. 1 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 432-74 Higher Education on H. B. No. 1378

The purpose of this bill, as amended, is to provide appropriations for certain programs relating to higher education.

In appropriating funds to certain programs in higher education, your Committee realizes the impact that the present financial condition has had on the University of Hawaii system. As a result, your Committee set the following guiding principles by which it made its recommendations:

1. To insure the immediate health and safety of students and the general public.
2. Continued open access to public higher education for all seeking admission to the university system.
3. Selective excellence in those research programs which are natural and indigenous to the State of Hawaii.

A summary of some of these program, legislative concerns, and legislative intent follows:

INCREASE SECURITY AT THE UNIVERSITY OF HAWAII, MANOA

Your Committee heard testimonies from students who have been victims of physical and psychological harassment that has been possible because of the absence of an adequate security force. The number of security guards available for duty at the University of Manoa decreased from 15 to 10 as of July 1, 1973. Of those ten, six are temporary positions, funded by the Public Employment Program (PEP) of the Federal Government.

Your Committee feels that any security force that is less than adequate jeopardizes the physical and psychological welfare of students who need safe access to resources and facilities with the University of Hawaii.

Your Committee is providing an appropriation of \$101,000 for the purpose of hiring five additional security guards for the University of Hawaii Manoa Campus, and for picking up the salaries of the six existing security personnel

whose federally funded salaries will lapse on June 30, 1974.

STUDENTS GRANTS

Many residents of the State of Hawaii have been unable to take advantage of the educational programs offered by the University of Hawaii because they and/or their families were unable to forego the earnings which would be unavailable to them if they were full-time students. The problem of foregone earnings has worked a particular hardship on worthy potential students whose earnings meant the difference between poverty subsistence and reasonable level of living for their spouse, children or parents. It is the intent of the State Grant Program to provide cash grants to replace, in part, the earnings which a student would forego by enrolling as a full-time student. It is the opinion of your Committee that grants awarded to individual students under this program should be no less than \$1,500 per regular school year and no greater than \$3,300 per school year. Between 50 and 110 students would be assisted annually. These cash grants shall be in addition to any other State provided assistance the student receives, such as State scholarships, tuition waivers or our State Higher Education Loans. The Board of Regents is directed to establish the necessary rules and regulations to select worthy and needy recipients of these awards.

Your Committee also understands that such monies will provide the State with the capacity for matching expected federal funds in the near future.

RESEARCH AND DEVELOPMENT FOR PHILIPPINES STUDIES PROGRAM

Your Committee feels that a Philippine Studies Program at the University of Hawaii is one of the areas for selective excellence at the University for the following reasons:

1. Filipinos in the State comprise over 12% of the total population. These residents would have a special interest in finding out more about their country of origin or that of their ancestor's.
2. The faculty at the University of Hawaii is exceptionally qualified to have such a program. Existing curriculum and faculty expertise in various departments show a range and quality that will make the program nationally and internationally well-known, (e.g. Political Science, History, Indo-Pacific Languages, Linguistics, Music, Anthropology, Asian Studies, Psychology).

3. Eventually, some payoffs to secondary and elementary social studies curriculum will be accomplished. There is a need to utilize the history and current efforts of the home country of various ethnic minorities to understand and enjoy poly-ethnicity in Hawaii.

Your Committee has heard favorable testimony from the University Administration, the Universi-

ty faculty, students, and the community at large expressing their desire for funding the research and development for a Filipino Studies Program at the University of Hawaii. Funds are provided for the University to prepare an analysis in the programming-planning-budgeting format of the program.

Without funding, the University could not attempt an analysis of the Filipino Studies program employing the programming-planning-budgeting approach because of unavailable staff and lack of data for a meaningful analysis. Some of the tasks having to be done includes the continuation of teaching, research, the development of new courses, interaction among faculty from different disciplines, correspondence with Philippine Universities and Philippine Studies Centers on the mainland, and interaction with the local community.

SEA GRANT PROGRAM

Hawaii's unique location in the Pacific Ocean makes it inevitable that the University of Hawaii be one of the leading institutions in the ocean sciences. This status has been confirmed by the Federal Government in the designation of the University of Hawaii as one of the six Sea Grant Colleges.

Federal Sea Grant funds must be matched on the local or State level on the basis of one matching dollar for every two Federal Sea Grant dollars. During the current Sea Grant year, federal funding for Sea Grant at the University of Hawaii was approximately \$1.1 million.

The Sea Grant Program needs \$260,000 local matching funds. It is your Committee's understanding that funds will be forthcoming from anticipated appropriations from the Marine Affairs Coordinator. Thus, your Committee is appropriating \$120,000 for fiscal year 1974-75.

Your Committee also understands that \$40,000 will go to fund two positions for a needed information specialist and a Marine resource specialist.

PLANNING AND DEVELOPING A CURRICULUM OF STUDY FOR LEGAL PARA-PROFESSIONALS

New concepts in the right to counsel in civil and criminal cases and the increase complexity and urbanization of our society has created a greater demand for legal services.

Your Committee finds that the high cost of legal services and inefficient methods of training law office personnel make legal services relatively unavailable to the poor and even the middle class.

Your Committee feels that a solution to the critical problem of providing legal assistance is a trained cadre of legal professionals.

At the present time, attorneys and legal offices are using legal secretaries and non-attorney personnel to prepare divorce complaints, memoranda and other services that are traditionally done by legal counselors.

Your Committee is providing \$35,000 for the development of the curriculum of a legal professional program.

CONTINUING EDUCATION FOR WOMEN

Your Committee has received many testimonies from the University community, students, and community who favor the development of academic, vocational counseling, planning and programming for the special needs of women. Since Hawaii has the highest percentage of working women in the nation: 49%, CEW must accommodate more women who come for its services. The majority of these women are heads of households, welfare recipients, and numerous individuals who desire additional training or education. However, at the present time, CEW cannot service this influx of additional women because of staff and budget limitations.

Your Committee finds that for three years after its inception in 1968, CEW was financed by federal Title I grants which were stretched beyond that period. Since that time, the College has allotted very modest sums for operational support. There is only one professional staff position, and because demand on services has increased so markedly in the past two to three years, the college has been falling behind and having to give up needed services. There is a critical need for **support and staff** in order to help women develop through this College of Continuing Education For Women.

Thus, your Committee is appropriating \$50,000 for this program.

VOCATIONAL COUNSELOR FOR HAWAII COMMUNITY COLLEGE

Your Committee finds that the Hawaii Community College, operating under the aegis of the University of Hawaii at Hilo, has undergone a number of administrative changes that have included the reassignment of Student Services personnel. This change has eliminated one full-time position counselor on the Hilo campus and reorganized the Student Services personnel to serve Hawaii Community College students on a rotation basis, i.e. five specialists visit the Hawaii Community College campus one day per week.

The development of a strong vocational counseling program on the Hawaii Community College campus is of vital concern to the 1,300 students who seek this type of counseling aid. Your Committee finds that one vocational education counselor would suffice for the students who desire their aid.

Your Committee is providing \$12,000 for a vocational counselor at Hawaii Community

College.

Your Committee on Higher Education is in accord with the intent and purpose of H. B. No. 1378, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H. B. No. 1378, H. D. 1.

Signed by all members of the Committee except Representative Carroll.

SCRep. No. 433-74 Higher Education on H. B. No. 1102

The purpose of this bill is to make an appropriation of \$325,000 for the planning and construction of an agricultural research facility in North Kohala.

Over the past century, the prime use of Kohala land was assumed to be sugar production and processing; but termination of sugar operations in Kohala by 1974 places in jeopardy the future economy of the Kohala area including the viability of community life in the area. In order to generate employment and incomes, economically viable enterprises must be created to use the resources of land and labor that will be made idle by the termination of sugar operations.

To minimize the risk of errors in committing public and private capital to specific ends and yet to move promptly in shifting from sugar to economically viable alternatives, it was suggested by Dr. R. M. Bullock, Assistant Director of the Hawaii Agricultural Experiment Station, that the College of Tropical Agriculture undertake an intensive applied research and development program in Kohala.

Your Committee also heard testimony from Frederick C. Erskine, the Chairman of the Board of Agriculture, who stated that the Department of Agriculture strongly supports this bill, subject to availability of funds.

Your Committee on Higher Education is in accord with the intent and purpose of H. B. No. 1102 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 434-74 Higher Education on H. B. No. 1548

The purpose of this bill is to establish a Post-Secondary Education Commission to enable the State to qualify for certain types of funds which may be available under the Higher Education Act of 1965 and subsequent amendments thereto. In addition, the bill proposes to repeal Act 9, Session Laws of Hawaii, 1966, which created a Temporary Commission on Higher Education.

Federal law (sections 1202 and 1203 of the 1972 Amendments to the Higher Education Act of 1965) authorizes the Commissioner of Education

to assist, financially and otherwise, states which utilize Commissions "broadly and equitably representative of the general public, and public and private non-profit and proprietary institutions of post-secondary education in the State, including community colleges, junior colleges, post-secondary vocational schools, area vocational schools, technical institutes, four-year institutions of higher education and branches thereof."

While only \$1 million is presently available for allotment to States under the provisions of sections 1202 and 1203, the future potential is much greater, particularly under Title X, relating to community colleges, which requires that a state have a "1202 Commission" as a prerequisite to allotment of funds.

The 1972 Amendments to the Higher Education Act of 1965 also authorizes each State to designate the 1202 Commission as the State agency to receive funds allotted under Titles I, VI, and VII of the Act. Currently, Title I, relating to Community Service and Continuing Education, is administered by the State Department of Budget and Finance, and Titles VI and VII, relating to Instructional Equipment and Construction grants respectively, are administered by the State Temporary Commission on Higher Education.

The Board of Regents, as presently constituted, will not meet the representative criteria required by section 1202(a) of the Federal Act to qualify the State for such Federal assistance. On the other hand, the University of Hawaii, as the State's public higher education system, serves so high a proportion of the market for post-secondary education that its governing board should have majority representation on the overall coordinating commission contemplated by section 1202.

Your Committee on Higher Education is in accord with the intent and purpose of H. B. No. 1548, H. D. 1, and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 435-74 Federal-State-County on H. B. No. 2923-74

The purpose of this bill, as amended, is to give the mayor of any county where the population exceeds one hundred thousand (100,000) emergency powers to meet any state of affairs or circumstances which imperils the public health, safety or welfare of the residents of such county.

Your Committee has redrafted this bill for clarity.

Your Committee on Federal, State and County Relations is in accord with the intent and purpose of H. B. No. 2923-74, 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. B. No. 2923-74, H. D. 1.**

Signed by all members of the Committee.

SCRep. No. 436-74 Higher Education on H. B. No. 1387

The purpose of this bill, as amended, is to direct the Board of Regents to establish a program of Tropical Agriculture at the University of Hawaii-Hilo to offer a baccalaureate program beginning in September 1975. Under this bill, all appropriate existing positions, equipment, facilities and property of the Hawaii Experimental Station and the Agricultural Extension Service on the island of Hawaii will be assigned to the University of Hawaii-Hilo and the budgetary control vested in the Chancellor of the University of Hawaii-Hilo.

Your Committee is aware of the increasing emphasis being given to agricultural development on the island of Hawaii. Agriculture is a vital part of its economy and provides a major source of employment. In 1972, the agriculture-related industries including the expanding anthurium, papaya and macadamia nut industries, contributed \$71.5 million to the economy.

During the past decade, there have been several major factors which have altered the agricultural industry. For example, Oahu has experienced a tremendous population growth and a concurrent urbanization of much of its land, resulting in greatly increased competition for land. In contrast, Hawaii County's economy is largely based on agriculture. Since 1967, the Big Island has led the State in agricultural output; its share of State value production has risen from 27% in 1962 to 31% in 1972. Estimates by the State Department of Agriculture show that by 1980, Hawaii County's value production will increase to 34%. The County of Hawaii has emerged as the leading agriculture-producing area in the State, yet the full potential of the agricultural industry in Hawaii cannot begin to be realized without more education and research activities devoted specifically to the developing agricultural industry. The Program of Tropical Agriculture, therefore, is a major key to the further realization of the Big Island's agricultural potential.

In order to meet these challenges, your Committee finds that programs in tropical agriculture emphasizing instruction and research appropriate to the agricultural needs of the State must be strengthened. Yet, as the College of Tropical Agriculture is located away from the hub of the agricultural industry, your Committee feels that this inhibits expansion and development of the agricultural industry.

In examining the available alternatives to best meet the State's needs, your Committee agrees with the Board of Regents' position that the present College of Tropical Agriculture must remain at the University of Hawaii-Manoa for reasons of economy and effective operations. In addition, University of Hawaii-Manoa is the only

campus which presently offers a graduate program.

However, your Committee feels that the establishment of a new program of Tropical Agriculture at University of Hawaii-Hilo would provide new program approaches to agricultural industry-related problems.

Presently, Hilo Community College offers only an Associate degree in agriculture. This vocational-technical program prepares the student for employment in government service, agribusiness, horticulture, ranching, and related fields. Yet, employment opportunities will continue to be good for those possessing agricultural background and additional formal education and technical knowledge and skills. Only the most highly skilled and scientifically trained will have open opportunities for successful careers in agriculture. Any commitment to take advantage of the State's agricultural industry's potential requires that training, education and facilities be available in locations readily accessible to primary agricultural areas. It is for this reason that an undergraduate program of Tropical Agriculture is being proposed for the University of Hawaii-Hilo.

Your Committee heard testimony from several Hawaii County officials who believe that the establishment of such a program would be beneficial and serve a community purpose. Hawaii County Councilman Tomio Fujii testified that **H. B. No. 1387, H. D. 1** would serve a two-fold purpose. First, the problems of the farmers arise spontaneously and need to be dealt with accordingly. A college and research facility located on the Big Island would enable the agricultural community to seek and receive advice and counseling more readily. Secondly, future farmers of the island of Hawaii need the best possible education and training most preferably designed to meet the needs and problems of the agricultural community they intend eventually to farm.

Your Committee also heard from Hawaii County Mayor Shunichi Kimura who felt that **H. B. No. 1387, H. D. 1** was the most important piece of legislation with regard to the County of Hawaii.

A major consideration of any new educational program is anticipated cost. The proposed baccalaureate program in agriculture at the University of Hawaii-Hilo can be instituted with minimum expenditure. It has been indicated to your Committee that the changes needed to institute the program proposed by this bill can be handled administratively, without affecting federal funding, retirement and other employee benefits of federal personnel, or the land grant aid received by the University of Hawaii. Your Committee intends administrative implementation of the program which would not affect the federal employees or federal aid.

University of Hawaii-Hilo now offers four year degrees in physics, chemistry and biology which means that physical plant and personnel are already available. Specialists needed for

agriculture specialty courses can be drawn from the Extension Service and experiment stations which would be placed under the administrative control of the Chancellor of the University of Hawaii-Hilo. In the past, much criticism has been directed against the College of Tropical Agriculture for its alleged neglect of the agricultural industry's request for research assistance. By placing these stations and services under the control of the University of Hawaii-Hilo, they can be more involved in problem-solving research thus increasing overall practical utility.

It is not the intent of your Committee that the program at the University of Hawaii-Hilo duplicate or in any way supersede the program at Manoa, but rather, to complement such program by providing curriculum that is industry-oriented and which meets the needs of the County of Hawaii. Accordingly if this program is adopted, the University of Hawaii-Hilo should include the program as herein described and intended, in its future budget and program considerations before the 1975 legislative session.

Your Committee on Higher Education is in accord with the intent and purpose of **H. B. No. 1387, H. D. 1**, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as **H. B. No. 1387, H. D. 2**.

Signed by all members of the Committee except Representative Carroll.

SCRep. No. 437-74 Environmental Protection on H. B. No. 1914

The purpose of this bill is to create a new division in the Department of Land and Natural Resources which would consolidate all the enforcement functions now separately under the Fish and Game Division and the Forestry Division.

The new division, to be called the Division of Environmental Conservation, would provide for a more efficient use of existing manpower to carry out enforcement in areas not now subject to their control.

The duties would include the former tasks of supervising fish and game laws as well as forestry regulations, but would extend to such additional areas as enforcement of regulations prohibiting violation of cultural and historical sites.

As pointed out in testimony by the Office of Environmental Quality Control, "Our newer recognition of what constitutes our natural environment argues that we cannot confine our interests to the traditional game warden and forest ranger type of environmental control. The broader authorities provided by this Bill should help protect our historical sites and other State lands in addition to the existing controls by the wardens."

Your Committee looks with approval upon the plan, as testified to by the Department of Land

and Natural Resources, to begin a departmental public education program with emphasis on protection of the environment. Under this program, the conservation enforcement officers would be instructed in such diverse subjects as marine and aquatic life, wildlife, native and exotic plants, and laws and regulations necessary for their protection, particularly of rare and endangered species.

Your Committee has included one amendment suggested by the Department to cover the appointment of conservation officers, including volunteers, and to define the term.

Your Committee on Environmental Protection is in accord with the intent and purpose of **H. B. No. 1914, H. D. 1**, and recommends that it be referred to the Committee on Water, Land Use and Development.

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

SCRep. No. 438-74 Environmental Protection on S. C. R. No. 26

The purpose of this Senate Concurrent Resolution is to ask the office of the Governor to develop and submit to the next session of the Legislature a preliminary report, with a final report to be submitted to the 1976 Session of the Legislature. These reports shall contain criteria for defining the State's optimum carrying capacity as related to its environmental systems.

Your Committee believes that it is the obligation of the State government to safeguard the State's environment from degradation and pollution.

The Temporary Commission on Environmental Planning, established by Concurrent Resolution of this Legislature, has recommended the development of criteria by which the carrying capacity of Hawaii's environmental systems can be determined. These criteria include, among other elements, consideration of population, air quality, water quality and supply, energy supplies, transportation systems, and land use capabilities.

Your Committee on Environmental Protection concurs with the intent and purpose of **S. C. R. No. 26, S. D. 1** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Carroll.

SCRep. No. 439-74 Environmental Protection on S. C. R. No. 2

The purpose of this Senate Concurrent Resolution is to ask that the Ad Hoc Commission on Operations, Revenues and Expenditures consider ways of implementing the State's environmental goals, policies and guidelines as contained in statutes through appropriate revisions in the tax

structure and make its recommendations to the Governor and the 1975 session of the Legislature.

Your Committee believes that some of the goals and policies recommended by the Temporary Commission on Statewide Environmental Planning which have been incorporated into statute can be more readily achieved with appropriate tax structures to encourage them. Chapter 341, Hawaii Revised Statutes, already supports this position by stating that the quality of the environment is as important to the welfare of the people of Hawaii as is the economy of the State.

Your Committee on Environmental Protection concurs with the intent and purpose of S. C. R. No. 2, S. D. 1 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Carroll.

SCRep. No. 440-74 Environmental Protection on S. C. R. No. 3

The Federal government carries on a number of programs and projects in Hawaii that have an impact on the environment, and has, moreover, the ownership or tenure of more than 355,000 acres of land in Hawaii.

The purpose of this Senate Concurrent Resolution is to ask federal governmental agencies operating in Hawaii to cooperate with the State and its counties in the formulation and implementation of federal programs which have an impact on the environment so they are in consonance with the State's environmental goals and policies.

Your Committee has amended the language of the first BE IT RESOLVED clause to clarify the intent so that rather than "implementation of environmental programs" it reads "implementation of programs having an impact on the environment." It has also added the words "including the Military" to the various federal agencies operating in Hawaii to whom certified copies of this Concurrent Resolution should be transmitted.

Your Committee on Environmental Protection concurs with the intent and purpose of S. C. R. No. 3, S. D. 1, as amended herein, and recommends that it be referred to the Committee on Federal, State and County Relations in the form attached hereto as S. C. R. No. 3, S. D. 1, H. D. 1.

Signed by all members of the Committee except Representative Carroll.

SCRep. No. 441-74 Federal-State-County on H. B. No. 2897-74

The purpose of this bill, as amended, is to empower the counties of Hawaii, Kauai and Maui to create, define and establish frontage improvements, urban districts or improvement districts, all according to and under the provisions of part V of Chapter 46, Hawaii Revised Statutes.

Your Committee has converted this short-form bill into a long form.

Your Committee on Federal, State and County Relations is in accord with the intent and purpose of H. B. No. 2897-74, as amended herein, and recommends that it be referred to the Committee on Judiciary and Corrections in the form attached hereto as H. B. No. 2897-74, H. D. 1.

Signed by all members of the Committee.

SCRep. No. 442-74 Legislative Management

Informing the House that **Standing Committee Report Nos. 443-74 to 479-74**, have been printed and distributed.

Signed by all members of the Committee.

SCRep. No. 443-74 Environmental Protection on H. R. No. 68

Considerable question has been raised as to the present system of awarding architectural design contracts. The purpose of this Resolution is to request the Legislative Auditor to review the present system of awarding architectural design contracts in order to ensure the best possible quality design for our public buildings.

Your Committee feels that a thorough study needs to be made of these awards. The State's unique heritage, environment and climate present architects with a challenge to build and design uniquely appropriate buildings.

Your Committee has amended the Resolution to include consultation by the Legislative Auditor with architects, engineers, landscape architects and other concerned members of the general public in the review. The Resolution has also been amended by adding the words "incorporating Hawaiian architecture" after "best possible quality design."

Your Committee on Environmental Protection concurs with the intent and purpose of H. R. No. 68, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H. R. No. 68, H. D. 1.

Signed by all members of the Committee except Representative Carroll.

SCRep. No. 444-74 Environmental Protection on S. C. R. No. 27

The purpose of this Senate Concurrent Resolution is to ask that the Office of the Governor submit to the next session of the Legislature a preliminary report, with a final report to be submitted to the 1976 State Legislature. The report shall contain criteria and mechanisms for officially declaring areas or systems at environmental overload or in danger of environmental overload, and to recommend related steps and procedures to prevent such overload.

The Temporary Commission on Environmental Planning, established by Concurrent Resolution by this Legislature, has found that certain areas within Hawaii's environment are already at overload or in danger of overload in relationship to their optimum carrying capacity. The areas which your Commission finds at overload or in danger of overload include population, energy supplies, transportation, land use capabilities, air, water, and the carrying capacity of other environmental systems.

Your Committee on Environmental Protection concurs with the intent and purpose of S. C. R. No. 27, S. D. 1 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Carroll.

SCRep. No. 445-74 Environmental Protection on H. R. No. 431

The purpose of this Resolution is to request the Federal Aviation Administration, the Department of Transportation and the Department of Health to conduct a joint study of current restrictions on the use of aircraft, particularly small airplanes and helicopters over populated areas, to formulate recommendations for new limitations and restrictions and to seek and receive public opinion relating thereto.

Your Committee feels that the public has a right to be free from excessive noise. The problem of noise has increased over the years, and presently people are bothered at all hours of the day and night by excessive noise created by small planes and helicopters flying over homes, schools, and hospitals. This disturbs sleep, tranquility and way of life.

Needs of general aviation are not being met with the present facilities in the State of Hawaii, particularly on Oahu, and there is anticipated the building of additional general aviation facilities, which will necessitate more overland flights by small aircraft and helicopters.

Your Committee has amended this Resolution to include the military in the study and to add the phrase "in order to maximize safety and minimize unreasonable noise."

Your Committee on Environmental Protection concurs with the intent and purpose of H. R. No. 431, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H. R. No. 431, H. D. 1.

Signed by all members of the Committee except Representative Carroll.

SCRep. No. 446-74 Environmental Protection on H. C. R. No. 70

The purpose of this Concurrent Resolution is to request the Federal Aviation Administration, the Department of Transportation and the Depart-

ment of Health to conduct a joint study of current restrictions on the use of aircraft, particularly small airplanes and helicopters over populated areas, to formulate recommendations for new limitations and restrictions and to seek and receive public opinion relating thereto.

Your Committee feels that the public has a right to be free from excessive noise. The problem of noise has increased over the years, and presently people are bothered at all hours of the day and night by excessive noise created by small planes and helicopters flying over homes, schools, and hospitals. This disturbs sleep, tranquility and way of life.

Needs of general aviation are not being met with the present facilities in the State of Hawaii, particularly on Oahu, and there is anticipated the building of additional general aviation facilities, which will necessitate more overland flights by small aircraft and helicopters.

Your Committee has amended this resolution to include the military in the study and to add the phrase "in order to maximize safety and minimize unreasonable noise."

Your Committee on Environmental Protection concurs with the intent and purpose of H. C. R. No. 70, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H. C. R. No. 70, H. D. 1.

Signed by all members of the Committee except Representative Carroll.

SCRep. No. 447-74 Higher Education on H. R. No. 275

The purpose of this resolution is to request that the Legislative Reference Bureau conduct a study on the administration of vocational education in the State including, but not limited to the following areas:

(1) The fulfillment of the responsibilities of the University of Hawaii Board of Regents as the State Board for Vocational Education under the provisions of Chapter 305 A, Hawaii Revised Statutes;

(2) The fulfillment of the responsibilities of the University Board of Regents as the State Board for Vocational Education under the provisions of Public Law 90-576, the Vocational Education Amendments of 1968;

(3) The use of federal funds under Public Law 90-576 for vocational education programs at the secondary and post secondary levels and for in-service education at the College of Continuing Education, University of Hawaii;

(4) The staffing and administrative relationship of the office of the State Director for Vocational Education in the University of Hawaii hierarchy;

(5) The administrative relationship between the Office of the State Director for Vocational Education and the community colleges and the Department of Education;

(6) The implementation of the State master plan for vocational education;

(7) Follow-up of recommendations made by the State Advisory Council on Vocational and Technical Education in the Council's annual evaluation reports.

Your committee upon consideration of this resolution has recognized that the strengthening of vocational education in Hawaii is a crucial consideration for our State's growing vocational education program. Your committee finds that the present administration structure could be strengthened to provide for accountability — since no one person or agency has the responsibility and authority to implement the vocational education program in the State — particularly at the post-secondary level.

There is also a need to strengthen the vocational counseling and guidance programs at the secondary and post-secondary levels. An examination of the counseling and guidance programs would better help students who have misconceptions concerning the vocational-education programs.

Your committee also finds, as testified by the Commission on Manpower and Full Employment, that the most serious shortcoming has been in the area of accountability for federal funds. The withholding of these funds was due to the University's failure to file its fiscal report of the Fiscal Year 1972-73 to the United States Office of Education. The reason for the delay in the completion of the fiscal report was due to staffing difficulties. Commission also cited other discrepancies: federal monies which go unspent year after year, the lack of responsiveness of the University's College of Education for in-service education for vocational-technical teacher education services and activities, and follow-up of the recommendations by the State Advisory Council on Vocational and Technical Education.

Your committee on Higher Education is in accord with the intent and purpose of **House Resolution No. 275** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 448-74 Consumer Protection on H. B. No. 2682-74

The purpose of this bill is to amend the mechanic's and materialman's lien law by limiting the lien rights of persons furnishing material for improvements made to real property and of contractors who are not licensed.

Many bills purporting to amend the lien laws were considered at the public hearing, and testify-

ing were the Consumer Protector and representatives of the construction industry. All testifying favored some relief for the homeowner who can be subject to a materialman's lien despite making his contractual payments to the general contractor. Under existing law, improvements can be attached with lien if the general contractor fails to pay the supply house which provided the materials used in the improvement.

As stated in **Standing Committee Report No. 344-74**, your committee amended the existing law as follows:

(a) **Supplier.** A supplier who furnishes material to an unlicensed contractor or subcontractor or if he unreasonably advanced credit for the material to any contractor shall forfeit his lien rights. The limitations apply only to real property used primarily for dwelling purposes or zoned for residential uses.

(b) **Contractor.** An unlicensed contractor or a licensed contractor who subcontracts from an unlicensed contractor shall forfeit his lien rights. These limitations apply to improvements to all real property without any qualifications.

(c) Amended the procedural requirements before a lien attaches. Presently, a lien attaches when a notice of the lien is filed in court. As amended the owner and other interested parties would have to be served with a summons and copy of the notice and only after a hearing will the lien attach.

With respect to the amendments discussed in (a) and (b) above, it is not the intent of your Committee to indirectly amend the definition of contractor as provided under chapter 444, which exempts an owner-builder from the licensing requirements. The supplier will still be entitled to a lien on the real property of an owner-builder because the added limitation refers only to the furnishing of materials to a general contractor as defined in chapter 507 (a person who enters into a contract with the owner for the improvement of the real estate).

While the original bill eliminated lien rights for the furnishing of materials, **H. B. No. 2682-74, H. D. 1**, is in substance based on the recommendations of the Consumer Protector and industry representations. Your Committee has redrafted the recommendation by using terms that are defined in chapter 507 and by making other technical changes.

Your Committee upon further consideration of **H. B. No. 2682-74, H. D. 1** has amended the bill by underlining the new provisions under section 2 of the bill.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 2682-74, H. D. 1**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2682-74, H. D.**

2, and be referred to the Committee on Judiciary and Corrections.

Signed by all members of the Committee except Representatives Carroll and Roehrig.

SCRep. No. 449-74 Public Health and Welfare on H. B. No. 2843-74

The purpose of this bill is to make two housekeeping changes to sections 321-13 to 321-15, Hawaii Revised Statutes, relating the licensing of certain occupations by the department of health.

The amendments are as follows:

(1) All references to nursing home administrators have been deleted. Act 63, Session Laws of Hawaii 1970, established a nursing home administrator's licensing board under the department of regulatory agencies transferring the function from the department of health. However, references to nursing home administrators under department of health statutes were not conversely deleted. This amendment corrects that error.

(2) Section 321-15 is amended by adding in provisions relating to department of health actions in cases where the licensee fails, neglects, or refuses to re-register as required. This provision was inadvertently deleted from the law, by Act 80, Session Laws of Hawaii 1973. It is important that this provision be retained to authorize the department of health to take action where licenses are not renewed and to define procedures for a person to restore his license.

(3) Minor technical errors in Section 2 of the bill have been corrected.

Your Committee on Public Health and Welfare is in accord with the intent and purpose of **H. B. No. 2843-74** as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2843-74, H. D. 1**, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 450-74 Federal-State-County on S. C. R. No. 28

The purpose of this resolution is to request the City and County of Honolulu to take immediate action to develop the Kawaiinui Regional Park, including the 260 acre parcel adjacent to the swamp.

This park is needed for flood control, open space and recreational purposes, and there are many educational benefits to be derived from a unique marshlands park incorporating the wildlife sanctuary for endangered Hawaiian waterfowl species.

Your Committee believes that the park will be in the best interest of the people of this State and

does strongly urge the City to move quickly and develop the long-delayed Kawaiinui regional park project.

Your Committee on Federal, State and County Relations concurs with the intent and purpose of **S. C. R. No. 28** and recommends that it be referred to the Committee on Water, Land Use and Development.

Signed by all members of the Committee.

SCRep. No. 451-74 Water, Land Use and Development on H. B. No. 2300-74

The purpose of this bill is to amend present law relating to industrial development bonds by authorizing issuance of economic development bonds for agricultural enterprises along with industrial, commercial and hotel enterprises. The title of chapter 48, Hawaii Revised Statutes will be amended to read Economic Development Bonds to reflect the broader coverage of the chapter.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of **H. B. No. 2300-74** and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Medeiros, Saiki, Roehrig and Wedemeyer.

SCRep. No. 452-74 Finance on H. B. No. 2187-74

The purpose of this bill is to assess the several counties their pro-rata share of the cost of administering the Hawaii Public Employees Health Fund, and to clarify the language of prior amendments to Chapter 87, Hawaii Revised Statutes.

Since its inception in 1962, the cost of administering the Health Fund has been borne solely by the State. This bill will distribute costs of administration among the governmental subdivisions whose employees receive and enjoy the benefits of the Health Fund.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 2187-74** and recommends that it pass third reading.

Signed by all members of the Committee.

SCRep. No. 453-74 Finance on H. B. No. 2863-74

The purpose of this bill is to remove a limitation on overtime compensation for public officers and employees. Presently, such persons whose basic pay rate exceed the minimum range for SR-25 are paid at the rate of one and ½ times the minimum rate for SR-25. This bill deletes this limitation, and all persons entitled to overtime pay will have such pay computed at a rate of one and ½ times their actual basic hourly rate.

Employees who are compensated at SR-29 and higher will continue to be excluded from overtime pay. The same remains true for appointive officers and employees whose salaries are not subject to Chapter 77, Hawaii Revised Statutes.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 2863-74** and recommends that it pass third reading.

Signed by all members of the Committee.

SCRep. No. 454-74 Finance on H. B. No. 2841-74

The purpose of this bill is to permit the retirement system to invest its funds in home loans to lessees of Hawaiian Home Lands which will be guaranteed by the Department of Hawaiian Home Lands.

Under the authorization proposed by this bill, the Employees' Retirement System may make home loans to lessees of Hawaiian Home Lands. These loans will be at such terms and conditions as will be determined by the System but will be guaranteed by the Department of Hawaiian Home Lands. An additional \$8 million of mortgage funds will become available to lessees of Hawaiian Home Lands for acquisition of low cost homes.

The Department of Hawaiian Home Lands reported that there were 4,000 applicants who are native Hawaiians and are in need of housing statewide. There are 531 homes throughout the homestead projects that are substandard and are in need of replacement. The Department could provide substantial assistance from the mortgage moneys of the State Retirement System.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 2841-74** and recommends that it pass third reading.

Signed by all members of the Committee.

SCRep. No. 455-74 Finance on H. B. No. 2862-74

The purpose of this bill is to amend present law relating to funeral leave for public officers and employees by liberalizing funeral leave benefits for public officers and employees.

This bill proposes to increase the number of days allowable for funeral leave from two to three days. It further provides that in addition to the spouse, children, parents, siblings, father-in-law and mother-in-law, grandparents and any of these persons who are related through the Hawaiian "Hanai" custom shall be included in the term "immediate family" whose death shall be reason for granting an employee or officer funeral leave.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 2862-74** and recommends that it pass third reading.

Signed by all members of the Committee.

SCRep. No. 456-74 Consumer Protection on H. B. No. 2892-74

The purpose of this bill is to amend the Workmen's Compensation Law with respect to permanent total disability cases whose weekly compensation benefits were terminated (pre 1949) or reduced to 50% (pre 1957) after the employer had paid the statutory maximum limits formerly applicable.

The bill resumes the benefits of the pre 1949 cases and adjusts the benefits of the pre 1957 cases to 100% instead of 50% then applicable. In both situations the bill further updates the old benefits by use of a statutory ratio so benefits will be realistic. Finally, the provisions are applicable only to permanent total cases which require attendants.

As stated in **Standing Committee Report No. 327-74**, there are only a few individuals who would qualify for the additional benefits and the additional burden to the typical Compensation Fund would be approximately \$20,000 per annum.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 2892-74** and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Carroll.

SCRep. No. 457-74 Consumer Protection on H. B. No. 2928-74

The purpose of this bill is to amend section 386-54, Hawaii Revised Statutes, which permits the director to approve lump sum payments of future periodic benefits payable in the proper case. In his determination the director, among other considerations, must consider the probability of remarriage of the widow. The bill substitutes the word "spouse" for "widow". Under existing law, a "widower" is deemed a dependent if incapable of self-support and actually dependent on the deceased. The amendment, therefore, is appropriate.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 2928-74** and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Carroll.

SCRep. No. 458-74 Federal-State-County on H. B. No. 2567-74

The purpose of this bill, as amended, is to authorize the various counties to require transferees of motor vehicle to pay a deposit or to post a bond to secure the cost of disposition of the motor vehicles transferred, should any transferee abandon such motor vehicle.

This bill originally would mandate the counties

to dispose of abandoned vehicles. But whether mandated or not, the problem lies in enforcement. Your Committee has, therefore, amended this bill to require a deposit or bond beforehand for the disposition of any abandoned vehicle.

Your Committee on Federal, State and County Relations is in accord with the intent and purpose of H. B. No. 2567-74, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H. B. No. 2567-74, H. D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 459-74 Federal-State-County on S. B. No. 1741-74

The purpose of this bill is to make it discretionary to seize and hold a bicycle which has not been registered and for which the annual bicycle tax has not been paid. Under existing law, it is mandatory to seize and hold such a bicycle.

Although the police department is presently mandated to seize and hold a bicycle which has not been registered and for which the annual bicycle tax has not been paid, it has not been doing so because of the problems of transporting a seized bicycle to the Police Station and storing it. However, the Police Department has been citing the owner for a bicycle which has not been registered and for which the annual bicycle tax has not been paid.

Your Committee on Federal, State and County Relations is in accord with the intent and purpose of S. B. No. 1741-74 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. 460-74 Transportation on H. B. No. 2229-74

The purpose of this bill, as amended, is to establish a statewide, cooperative, comprehensive, and continuing transportation planning program; to integrate comprehensive transportation development among the counties for the next 20 to 30 years; and to guide and assist the cooperative, comprehensive and continuing transportation programs of each county.

Your Committee has amended the bill by deleting the amount to be appropriated and by deleting the reference to Oahu in order to include Oahu in the programs for integrated, comprehensive transportation development along with the other counties.

Your Committee on Transportation is in accord with the intent and purpose of H. B. No. 2229-74, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H. B. No. 2229-74, H. D. 1 and be referred to the

Committee on Finance.

Signed by all members of the Committee.

SCRep. No. 461-74 Transportation on H. B. No. 2983-74

The purpose of this bill is to establish a separate statute for the regulation of transportation of passengers and property for compensation by ocean-going vessels between points in the State of Hawaii.

Water carriers have been regulated under the same Public Utilities Law as electric, gas and other utilities. Since motor carriers have problems which differ greatly from electric and gas utilities, a Motor Carrier Law was enacted a few years ago. Your Committee recommends that a Water Carrier Law be enacted to provide common carriers of passenger and / or property by water a governing statute designed to meet the requirements of commerce and also to provide the general public with the benefit of securing just and reasonable rates, charges and services.

Your Committee has made the following amendments to the bill:

(1) Added exemptions from the provisions of the bill for fishing and sightseeing vessels; and

(2) Lengthened the period for notice of change in tariff from 30 days to 45 days to allow the part-time Public Utilities Commission more time to study the proposed change; and

(3) Added a new Section 21 relating to recovery of overcharges and undercharges and renumbered the remaining Sections; and

(4) Lengthened the period of suspension of the effective date of any new rate, fare or charge that the Commission may order from five months to six months in order to give the Commission more time to study the proposal; and

(5) Added a new subsection (e) to Section 25 relating to agreements between carriers to be in accord with the declaration of policy in the bill.

Your Committee on Transportation is in accord with the intent and purpose of H. B. No. 2983-74, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H. B. No. 2983-74, H. D. 1, and be referred to the Committee on Consumer Protection.

Signed by all members of the Committee.

SCRep. No. 462-74 Transportation on H. B. No. 2979-74

The purpose of this bill is to amend present law by reducing the necessity of giving immediate notice of accidents to police in accidents involving minor damage.

This change is recommended to be consistent with rising costs of repair.

Your Committee on Transportation is in accord with the intent and purpose of **H. B. No. 2979-74** 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. 463-74 Water, Land Use and Development on **H. B. No. 2084-74**

The purpose of this bill is to amend the present law by requiring the department of land and natural resources to maintain a current inventory of all leases of public lands and to update the inventory at the end of each quarter.

Your Committee on Water, Land Use and Development is in accord with the intent and purpose of **H. B. No. 2084-74** 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 Roehrig.

SCRep. No. 464-74 Consumer Protection on **H. B. No. 2999-74**

The purpose of this bill is to enact a new chapter relating to radiologic technology.

The new chapter creates a board of radiologic technicians with authority to establish educational qualifications for radiological technicians for licensing purposes. The intent of the bill is to protect the public from unnecessary and excessive exposure to x-rays.

Your Committee on Consumer Protection is in accord with the intent and purpose of **H. B. No. 2999-74** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Medeiros, Saiki and Roehrig.

SCRep. No. 465-74 Consumer Protection on **H. B. No. 2878-74**

The purpose of this bill is to amend section 444-8 relating to the powers of the contractors licensing board to limit and classify operations of specialty contractors by specifically providing that a licensed plumbing contractor may take and execute a contract involving the installation of lawn and irrigation sprinkler systems or for the installation of fire prevention and protection systems. While the work described are classified as three distinct specialties under the rules of the board, according to testimony presented at the hearing, licensed plumbers are qualified and have historically installed the other specialty work.

Your Committee on Consumer Protection is in

accord with the intent and purpose of **H. B. No. 2878-74** and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Carroll, Medeiros and Saiki.

SCRep. No. 466-74 Public Health and Welfare on **H. B. No. 45**

The purpose of this bill is to allow minors to consent to medical treatment for venereal disease. Only with the consent of the minor patient being treated can the spouse, parent, custodian, or guardian of any minor patient be informed of the treatment for venereal disease. Minor consent to receive medical care and services does not make the spouse, parent, custodian or guardian of the minor patient liable for legal obligations resulting from such care. Minor patients shall assume all legal obligations as if he were an adult. Minors unable to pay for services shall be provided payment from fund established and designated as the venereal disease treatment for minors fund. The Department of Budget and Finance is made custodian of the fund. The Department of Health shall have final authority in determining State payment for medical care of venereal disease.

Further, the charges for removal of a sick or infected person to a hospital or other facility shall not apply to minors afflicted with venereal disease.

The bill also adds gonorrhea and syphilis to diseases declared infectious and communicable. An examination for gonorrhea has been included in the premarital examination requirements.

Your Committee heard testimony for and against this controversial issue of minor consent for treatment of venereal disease. Statistics reveal that the incidence of venereal disease is increasing particularly in the fifteen to nineteen year old age group. All other age groups declined or remained level for the same period. The two thousand four hundred reported cases of gonorrhea in 1973 represented a twenty per cent increase over 1972. The peak incidence of venereal disease in females has been in the 15-19 age group. The peak age in males is 20-24. Recent improvements in screening and diagnostic procedures under a screening program in 1972 identified 400 asymptomatic females, the largest percentage in the 15-19 age group. Moreover, fifty per cent were students.

The stigma of venereal disease presents the greatest obstacle to treatment. Many minors do not seek treatment for venereal disease because they fear the consequences of informing their parents of their condition. As a result, many cases of venereal disease go undetected and untreated, resulting in the further transmission of the disease and the medical complications which accompany untreated gonorrhea and syphilis.

Your Committee feels that the problem of venereal disease is of such importance that social and moral pressures should not prevent treatment.

Consequently, if providing minors with medical consent for treatment of venereal disease would aid in the containment and prevention of the spread of the disease, then such consent should be provided.

Your Committee, however, recognizes the need to maintain the family as the primary unit responsible for the care of a minor child. The State does not wish to assume traditionally parental responsibilities. Your Committee, therefore, strongly recommends that as part of the venereal disease treatment program and in conjunction with providing minor consent for treatment of venereal disease, a counseling program be developed to encourage minors to inform their parents of their treatment for venereal disease. Whenever possible, attempts should be made to open the lines of communication between parent and child.

Based on testimony presented before your Committee, the following amendments to **H. B. No. 45, H. D. 1**, have been made:

1. Section 2 of the bill which established a special fund to pay for treatment of minors who cannot afford such services has been deleted. The Department of Health has informed your Committee that such a fund is not necessary since treatment for venereal disease is provided without cost through the health clinics under a federal grant.

2. All references to Section 2 and the venereal disease treatment fund have been deleted from the bill.

3. The appropriation section has been deleted since federal funds are sufficient to carry out the intent of the bill.

Your Committee on Public Health and Welfare is in accord with the intent and purpose of **H. B. No. 45, H. D. 2** and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Aduja, Young and Yamada.

SCRep. No. 467-74 Public Health and Welfare on H. B. No. 2060-74

The purpose of this Act is to establish a Hawaii Health Facilities Authority to establish, manage, control, and operate public hospitals and health facilities in the State.

Background. Hawaii's public hospitals are presently under the governing authority of the director of health pursuant to Act 265, Session Laws of Hawaii 1969. The legislative history of the State takeover of such a responsibility began in 1965 when the State legislature passed Act 97 which declared that public hospitals would be a State responsibility. Essentially, Act 97 formally recognized the State's financial contributions to the county hospital system which had been in-

creasing with the escalating medical costs. Without the State's financial support, county hospitals could not have survived. Under Act 97, county hospital autonomy at all levels was maintained and all decisions pertaining to the hospitals were made at the county level.

Act 203, Session Laws of Hawaii 1967, represented the second step in the State's takeover of the county hospitals, or more commonly, Act 97 hospitals. Under Act 203, hospital employees became State civil service employees and certain functions were shifted to the State. The director of health became the governing authority and the county hospital managing committees which ran the hospitals were abolished and replaced by hospital advisory councils, who were to advise the director of health on hospital operations and management. On the financial side, greater scrutiny of hospital budgets by the legislature and the department of budget and finance was instituted on an annual basis.

Finally, in 1969, Act 265 was enacted to complete the State's takeover of Act 97 hospitals. The effective date of the takeover was January 1, 1970.

Present system under Act 265. Act 265 clearly delineated the jurisdiction of the State in the area of hospitals and medical facilities. The director of health was designated the sole governing authority of the county/State hospitals. No intervening body stood between the director and the hospital. The director's duties included establishing and changing rates charged¹ by hospitals, as well as establishing policies for all hospitals. Hospital advisory councils were replaced by management advisory committees. The official role of such committees are to recommend a person to the governor for appointment as hospital administrator and to advise the director of health. These duties, however, are performed upon request of either the governor or the director of health.

The present county/State hospital system consists of 12 hospitals. The Hawaii County Hospital System, the only county-wide hospital system, includes Hilo Hospital, Honokaa Hospital, Kohala Hospital, Kona Hospital, and Kau Hospital. Maui County has Maui Memorial Hospital, Kula Sanatorium and General Hospital, Hana Medical Center, and Lanai Community Hospital. Kauai County has Kauai Veterans Memorial Hospital and Samuel Mahelona Memorial Hospital. Maluhia Hospital is the only county/State hospital in the city and county of Honolulu.

Problems of the present system. The county/State system has become embroiled in a financial situation which has placed increasing pressures on the legislature to expand the annual general fund appropriations to maintain operations. Increasing costs in medical services

¹Rate changes subject to public hearings.

(equipment, personnel, etc.), inefficient purchasing methods, and lack of policies relating to collection of past-due accounts are some of the problems facing individual hospitals. In addition, systemwide difficulties of the State program compound the problem.

Although the director of health has been statutorily designated as the sole governing authority for the county/State hospitals, no real effort has been made to develop standardized policies and procedures relating to all hospitals in the system. Consequently, it has been found that the quality of care as it relates to professional nursing care per patient per day varies from hospital to hospital, and the quantity of care, that is, the number of available beds for long term or acute care also varies due to historical factors rather than actual need. Personnel management, staffing patterns, and staff privileges are also inconsistent among county/State hospitals. Further, clarification of the hospital administrator's relationship with the county/State hospital system and the role and responsibilities of the management advisory committees is also needed. In essence, under the present system, no apparent benefits have accrued from the statewide county/State hospital system such as the increasing of coordination among the hospitals in the system on the county levels or through standardization of policies and procedures. No real cost savings measures through bulk purchasing of equipment and supplies or the development of a cohesive program budget has occurred. Most importantly, no overall planning objectives and goals have been established for the development of a statewide county/State hospital system.

Hawaii Health Facilities Authority — H. B. 2060-74. House Bill No. 2060-74 presents an alternative to the present system. It establishes an authority to be known as the Hawaii Health Facilities Authority which shall become responsible for all hospitals within the county/State hospital system. The authority would be placed under the department of health for administrative purposes only allowing it to act independently of the department. The director of health would be an ex-officio member of the authority's board of trustees.

The board of trustees of the authority would be the governing body for all county/State hospitals, establishing policies and procedures for the system. In addition, the board is to hire a general manager who will manage the system and be responsible to the board.

The basic purpose of establishing a county/State hospital system under an authority is to provide for efficiency and effectiveness in service delivery.

The bill requires the county/State hospitals to be organized into county hospital systems for county-wide coordination, planning, and financing.

Ambulance services in counties of less than 200,000 population shall be provided by the department of health and the department may contract with the authority to provide such services. In addition, the cost of care for tuberculosis patients shall be reimbursed by the department of health.

Since the bill prohibits the authority from entering into long-term debt arrangements or the issuance of long-term bonds, the bill established a building trust administratively placed within the department of budget and finance for the designing, development, financing, construction, and leasing of hospitals and health facilities of the authority. The building trust is authorized to issue reimbursable general obligation bonds or general revenue bonds to finance cost of development.

All functions, personnel, and personal property pertaining to the operations and maintenance of hospitals and other public health and medical facilities presently under the department of health and specified in Act 265, SLH 1969 are transferred to the authority. Personnel transferred will not suffer any loss in employee benefits or privileges. Administrative personnel are excluded from the transfer. All real property used in the operation and maintenance of hospital and other public health and medical facilities specified in Act 265, SLH 1969, are transferred to the building trust. Provisions are made for the orderly transition.

Amendments to H. B. 2060-74. Testimony presented before your Committee revealed that certain provisions in the bill as drafted were unrealistic, particularly those provisions requiring the county hospital systems to become self-supporting through the increase in service fees. The basic philosophy behind the State's takeover of the former county hospital system under Acts 97, 203, 265 was to provide and maintain medical services in areas where such operations are not feasible. If left to the open market, there is a strong possibility that many areas, particularly the rural areas of the State, would be without medical services. The deficit in such services needs to be fulfilled regardless of feasibility of such services in terms of financial self-sufficiency. The State has taken on the responsibility to provide such services where no other alternative exists.

Further, full self-sufficiency is almost impossible because, under present federal medical programs including Medicare and Medicaid, as well as other services provided by hospitals, reimbursement for services is not necessarily comprehensive reimbursement. Full payment for all services provided to the patient is not always reimbursable by federal medical programs or health insurance or patient fees.

The raising of medical fees to attain self-sufficiency in the county hospital system would therefore place too much pressure on the hospital system. Moreover, since the ability of self-sufficiency varies from hospital to hospital, the funding system which provides county-wide sup-

port through the county hospital system would penalize those hospitals which may be able to maintain reasonable self-sufficiency since they would be required to "carry" other facilities where no substantial self-sufficiency can be maintained.

Your Committee, therefore, feels that it would be more reasonable to amend the bill to remove the requirement of self-supporting status and to substitute the guideline that fee schedules be based on such factors as costs of delivery of services, levels and methods of federal reimbursements, and insurance premiums. To this end, Section -10(d) has been amended.

Originally, the bill required each county fund to be either a special fund (when support from the general fund is required) or a revolving fund (when no general fund support is required). Since the major thrust of this bill is to grant some autonomy to the hospital system and to free it from bureaucratic controls, your Committee believes that the central fund of the hospital authority as well as the individual county funds should be classified as revolving funds. Section -18 has been amended accordingly.

Your Committee has further amended the bill by including an appropriation of \$7,200.

Your Committee on Public Health and Welfare is in accord with the intent and purpose of **H. B. No. 2060-74, H. D. 1** as amended herein and recommends that it pass Third Reading in the form attached hereto as **H. B. No. 2060-74, H. D. 2**.

Signed by all members of the Committee except Representatives Young, Aduja and Yamada.

SCRep. No. 468-74 Public Health and Welfare on H. B. No. 2915-74

The purpose of this bill is to provide health insurance coverage under policies held by family members for the care and treatment of newborn infants with medically diagnosed congenital defects and birth abnormalities from birth on.

At the present time, many health insurance policies contain an exclusionary period for infants ranging from two weeks to thirty days under dependent coverage. Testimony presented on the bill indicates that seven states have already removed this exclusionary period or this failure of health insurance plans to provide coverage of infants from the moment of birth as discriminatory. Twenty-six states are also in various stages of developing similar legislation.

The Hawaii Medical Association reports that high risk infants and low birth weight babies demand comprehensive care and treatment which often places great emotional and financial strains on the families. In addition, infants with developmental delays such as Down's Syndrome or Mongolism and the Cerebral Palsied, require intensive and continuous care from birth. This

measure would therefore provide for the inclusion of the congenitally malformed, premature, and ill infants health care from the moment of birth. It should be noted that it is not intended to include the routine well-baby medical services and care.

Your Committee has amended the bill by making technical changes.

Your Committee on Public Health and Welfare is in accord with the intent and purpose of **H. B. No. 2915-74, H. D. 1** as amended herein and recommends that it pass Third Reading in the form attached hereto as **H. B. No. 2915-74, H. D. 2**.

Signed by all members of the Committee except Representatives Aduja, Young and Yamada.

SCRep. No. 469-74 (Majority) Public Health and Welfare on S. B. No. 218

The purpose of this bill is to eliminate the present qualifications established for the position of director of health under section 26-13, Hawaii Revised Statutes.

Under present statutes, the director of health must meet the following qualifications:

(1) He must have been or is eligible for certification by the American Board of Preventive Medicine and Public Health, Incorporated; or

(2) (a) He must be a licensed physician in the State and have successfully completed a year of graduate study leading to a degree in public health; and

(b) He must have had during the ten years preceding his appointment, at least six years of practical experience in public health work, including supervision or administration of such work in communities of not less than 100,000 population or in the United States Public Health Service as a commissioned medical officer.

Your Committee recognizes that the responsibilities of the director of health have increased tremendously over the past several years underlining the need for the director of health to be a highly qualified person. Testimony presented before your Committee on **S. B. No. 218, S. D. 2**, revealed that opinions relating to this bill were mixed with some persons in favor of eliminating the present requirements and others in favor of maintaining the present requirements. However, your Committee did note that under the present statutory requirements, very few persons in the State qualify for the position of director of health.

Your Committee feels that by amending the law to eliminate the present qualifications, more persons would be eligible for the position of director of health providing the appointing authority with a larger field from which to choose and the flexibility to make an appropriate choice.

This would, in part, assure the department and the State of a qualified, responsive appointment to the position of director of health.

Your Committee on Public Health and Welfare is in accord with the intent and purpose of **S. B. 218, 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.

Representative Wong did not concur.

SCRep. No. 470-74 Judiciary and Corrections on **H. B. No. 2872-74**

The purpose of this bill is to amend the laws relating to illegal use of credit cards.

Under existing laws, persons making illegal use of credit cards are subject to two different penalties depending on the value of the money, goods or services obtained by the illegal use of such cards. Persons who illegally obtain money, goods or services not exceeding \$500 are subject to a fine of up to \$1,000 and imprisonment of up to 1 year, while persons who illegally obtain money, goods or services exceeding \$500 are subject to a fine of up to \$3,000 and imprisonment of up to 3 years. This bill would lower the \$500 amount to \$100 so that anyone illegally obtaining money, goods or services in excess of \$100 would be subject to the more severe penalty.

Your Committee on Judiciary and Corrections is in accord with the intent and purpose of **H. B. No. 2872-74** and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. No. 471-74 (Majority) Judiciary and Corrections on **H. B. No. 3015-74**

The purpose of the bill is to grant equal justice to persons who were sentenced and granted parole or probation consideration after the effective date of the Hawaii Penal Code, January 1, 1973 and to persons who were sentenced and granted parole or probation consideration prior to that date.

From the testimony presented to your Committee it is apparent that some persons convicted of the same crimes are presently under different sentences and are serving different terms of imprisonment.

Your Committee finds that this fact is contrary to the equal application of justice demanded by adherence to the highest standards of jurisprudence, and that passage of this bill will correct that injustice.

Your Committee on Judiciary and Corrections is in accord with the intent and purpose of **H. B. No. 3015-74** as amended herein, and recommends that it pass Second Reading in the form attached

hereto as **H. B. No. 3015-74, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

Representative Fong did not concur.

SCRep. No. 472-74 (Majority) Judiciary and Corrections on **H. B. No. 2191-74**

The purpose of this bill is to amend applicable provisions of the Penal Code relating to physical and mental examinations of defendants to provide for appointment by the courts of certified psychologists, in addition to physicians and psychiatrists, to examine and report upon the physical and mental condition of defendants.

Upon consideration of this bill, your Committee has discovered that the measure as drafted would allow an examining panel to be composed entirely of certified psychologists. This would be inappropriate as the examinations are for the diagnosis of physical as well as mental disorders and psychologists, unlike psychiatrists, are not qualified in the diagnosis or treatment of physical disorders. Your Committee, therefore, recommends the following amendments:

(a) In Sections 1, 2 and 3 of the bill dealing with three member examining panels, appropriate amendments to preclude appointment of only psychologists to the panel, and to insure that at least one member of the panel be a psychiatrist.

(b) In Section 4 of the bill dealing with a panel of one or more members, appropriate amendments to preclude the appointment of more than one certified psychologist and to insure the appointment of at least one psychiatrist when a panel of two or more members is appointed.

Your Committee on Judiciary and Corrections is in accord with the intent and purpose of **H. B. No. 2191-74** as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2191-74, H. D. 1** and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

Representative Carroll did not concur.

SCRep. No. 473-74 Environmental Protection on **H. B. No. 2482-74**

The purpose of this Bill is to encourage solid waste recycling for agricultural purposes.

The earth's natural resources are limited and finite. Your Committee feels that government should do all within its power to encourage the residents of the State to adopt an ethic of reuse and recycling, rather than discarding and abandoning.

This type of encouragement will serve a two fold purpose. Solid wastes, including animal wastes and industrial wastes can be extremely beneficial

to agriculture, as well as taking care of what otherwise becomes a source of pollution.

Your Committee has amended the Bill to delete the sentence, "No political subdivision of the State shall pass ordinances prohibiting such used," and to include an appropriation of \$12,000.

Your Committee on Environmental Protection is in accord with the intent and purpose of **H. B. No. 2482-74** as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2482-74, H. D. 1** and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Carroll.

SCRep. No. 474-74 Finance on H. B. No. 104

The purpose of this bill is to guarantee the right of public access to the shorelines and the sea and transit along the shorelines, and to provide funding for the acquisition of land for public rights-of-way and public transit corridors.

Public access to the shorelines is restricted on all islands of the State. Urban development, especially tourism development, is having a limiting effect on accessibility to the shorelines. Many beaches in the islands have been appropriated by hotels, and although all are public property up to a legally defined high-water mark, public access through hotel grounds often is denied. In many cases, this effectively bars the general public from the beaches and results in Hawaii's people being deprived of what visitors may use.

Safe public transit along the shorelines also is restricted. Often this restriction results from a combination of the topography itself — cliffs and the like which prohibit safe transit along the shoreline — and private property extending to the cliffs with no provisions for a transit corridor for the public.

This bill authorizes the various counties to acquire rights-of-way and public transit corridors. In areas where safe public transit does not exist along the shorelines, the counties by condemnation shall establish along the makai boundaries of the property lines, public transit corridors which shall not be less than six feet wide. State and county co-sponsorship is required and the department of land and natural resources is authorized to enter into agreements with the counties for the purposes of this Act. A county must match the funds provided by the State. The development and maintenance of the rights-of-way and transit corridors are the responsibility of the county.

Your Committee has amended this bill as follows:

1. Deleted the appropriation of \$1,000,000 (section 2);

2. Added language to indicate that this Bill is effective when other provisions for acquisition of beach access are not applicable (section 2);

3. Revised the criteria for the distance between rights-of-way (section 3);

4. Clarified the language relating to co-sponsorship (section 7);

5. Clarified the language relating to expenditure (section 8).

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 104, H. D. 1**, as amended herein, and recommends that it pass third reading in the form attached hereto as **H. B. No. 104, H. D. 2**.

Signed by all members of the Committee.

SCRep. No. 475-74 Judiciary and Corrections on H. B. No. 2372-74

The purpose of this bill is to amend Sections 1210 and 1211 of Act 9, Session Laws of Hawaii 1972 (Hawaii Penal Code), to amend the definition of "pornographic" and "indecent matter".

When the Hawaii Penal Code was drafted, the offenses therein dealing with pornography reflected the state of judicial development up to 1970. In 1973 the United States Supreme Court decided *Miller v. California*, 37 L.Ed.2d 419 (1973), which alters slightly the Supreme Court's definition of pornography. Essentially, the court held (1) that the reference point for determining whether the form of expression was offensive would be "contemporary community standards," and (2) that, if the material went beyond contemporary community standards in describing or representing sexual matters, it would be constitutionally unprotected if "taken as a whole, it lacks serious literary, artistic, political, or scientific value," and the state need not demonstrate that the material is "utterly without redeeming social value". Your Committee believes that the Hawaii Penal Code should be amended to reflect the slightly broader scope of permissible state action against pornography as set forth in the *Miller* decision.

Your Committee has amended the bill by eliminating the proposed deletion of language which permits material or a performance to be judged with reference to the specific audience for which it was designed when the character of the material or performance and the circumstances of its dissemination indicate that it was designed for a particular, clearly defined audience. We believe that the proposed elimination of this language would reduce the State's constitutional power in this regard.

Your Committee on Judiciary and Corrections is in accord with the intent and purpose of **H. B. No. 2372-74**, as amended herein, and recommends that it pass Second Reading in the form attached

hereto as **H. B. No. 2372-74, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Carroll.

SCRep. No. 476-74 Environmental Protection on H. B. No. 2894-74

The last session of the Legislature passed Act 103 which added a new chapter requiring the department of planning and economic development to provide for a continuing census of all persons entering and exiting the State. It provided that all persons entering and departing the State should complete an anonymous census form, approved by the attorney general and allowed the distribution and collection of forms to be handled by the carriers.

It is extremely important to strengthen our data collection procedures. The Hawaii Visitors Bureau basic data survey has provided useful information over the past twenty-three years on intended residents and returning residents as well as on visitors, but because of its non-official, voluntary character, this survey has become subject to increasing non-response. The HVB survey, moreover, excludes such important groups as visitors from Japan and Australia, intended residents from American Samoa and all outbound passengers. Although Act 103 was intended to correct these deficiencies, it contained certain inconsistencies that prevented its implementation. This bill, as amended, seeks to correct these inconsistencies.

H. B. 2894-74 as originally drafted would have made completion of the forms mandatory. In order to avoid possible constitutional objections to requiring its completion, your Committee has amended the bill simply to require the carrier to distribute the form, ask passengers to complete it on a voluntary basis, collect it and return it to the Department of Planning and Economic Development.

Although the individual responses are not anonymous, your Committee felt that they should be held confidential and be used only for statistical purposes and has so amended the bill.

Your Committee on Environmental Protection is in accord with the intent and purpose of **H. B. No. 2894-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2894-74, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Carroll.

SCRep. No. 477-74 Finance on H. B. No. 865

The purpose of this bill is to authorize the county in which the retiree resides to count all county service to determine eligibility for the pension applicant. Presently, only service per-

formed in one county can be counted toward a pension.

For instance, an employee could have performed four years service on Oahu, three years on Kauai and seven years on Hawaii and still not earn a county pension because he did not meet the ten-year single county employment requirement established by law. This bill would correct this situation.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 865** and recommends that it pass third reading.

Signed by all members of the Committee.

SCRep. No. 478-74 Higher Education on H. B. No. 1547

There are two purposes for this bill:

1. amending the Hawaii Revised Statutes by adding a new chapter establishing an Interdisciplinary Institute of Gerontology.
2. appropriating \$75,000 for the establishment of such an institute at the University of Hawaii.

Your Committee has held a public hearing on this House Bill and has received testimony from the University and community. Here are the findings of your committee: testimony from the University expressed that students and faculty interest has been growing in gerontology since its inception in 1965. By 1972, there were 124 faculty members at the University's eight campuses who included some material on aging in their courses. As of the spring semester, 1974, almost 500 students at Manoa alone have enrolled in courses related to aging. Your Committee finds that the problem of the University aging activities lies in the fact that they are scattered about the many departments on the various campuses. The proposed Institute of Gerontology would serve to centralize these activities, including stimulating and coordinating teaching, research, community service and senior education, and serving as an advocate for aging.

Your Committee on Higher Education is in accord with the intent and purpose of **H. B. No. 1547** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Medeiros, Roehrig, Yim and Young.

SCRep. No. 479-74 Higher Education on H. B. No. 1320

The purpose of this bill is to enable senior citizens, sixty years or older, to enroll in credit and non-credit courses at the University of Hawaii and its Community Colleges without payment of tuition, required textbooks, or fees, (with the exception of rental fees for required equipment).

The appropriated sum of \$50,000 is requested for this program.

This bill would enable senior citizens who enroll at the University to be accepted in any credit or non-credit class if space is available. There will be no special senior citizen class or section established. The instructor shall have sole authority to determine whether or not senior citizens have the prerequisites necessary for enrollment in the class. To be eligible for coverage under this bill, an individual must be sixty years of age on or before the month of registration and must be classified as a resident by University standards.

Your Committee on Higher Education is in accord with the intent and purpose of **H. B. No. 1320, H. D. 1** and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Medeiros, Roehrig, Yim and Young.

SCRep. No. 480-74 Judiciary and Corrections on H. B. No. 2241-74

The purpose of this bill is to amend the Hawaii Penal Code by adding a new section making it unlawful to make unreasonable noise.

Upon consideration of this bill, your Committee has amended the measure to limit the offense to making unreasonable noise between the hours of 7 P.M. and 7 A.M. Your Committee believes that such a limitation and the definition of unreasonable noise contained in the bill strikes a balance between the right to pursue lawful activities notwithstanding the noise caused by such activities and the right to peace and quiet.

Your Committee on Judiciary and Corrections is in accord with the intent and purpose of **H. B. No. 2241-74**, as amended herein, and recommends that it pass Second Reading in the form attached hereto as **H. B. No. 2241-74, H. D. 1**, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. No. 481-74 Finance on H. B. No. 2374-74

The purpose of this bill is to amend Act 218, S.L.H. 1973, the General Appropriations Act of 1973, by making appropriations for the fiscal biennium July 1, 1973 to June 30, 1975 and authorizing the issuance of bonds.

Financial Condition of the State

Since the enactment of the General Appropriations Act of 1973, there has been some improvement in the condition of the State's general fund. This improvement has resulted from a combination of two circumstances: (1) the fiscal controls and restrictions imposed by the administration on the expenditures of State agencies and (2) increased cash flows into the treasury, due

partly to the process of recovery from the economic slowdown which began in 1971 and partly to more sharply increased inflationary trends.

While these circumstances have improved the condition of the general fund, there have been some negative effects. The controls over State expenditures have meant some sacrifice in terms of governmental services to the public; the inflationary spiral, while contributing to greater cash inflows, has the simultaneous effect of pricing government goods and services at higher levels. Notwithstanding these effects, it now appears to your Committee that the condition of the general fund is manageable and that some urgent program priorities can be accommodated through this supplemental appropriations bill without upsetting the aggregate program expenditure levels intended for the fiscal biennium by the General Appropriations Act of 1973.

Summary of Appropriations

The general fund appropriations provided for in the supplemental appropriations bill total \$30.4 million. A substantial portion of this amount, approximately 75 percent, or \$22.7 million, is accounted for in appropriations to fund the cost items of the various collective bargaining contracts which have been negotiated. These are the contracts for teachers and educational officers, professional and scientific personnel, blue-collar non-supervisory employees, blue-collar supervisory employees, white-collar non-supervisory employees, and registered nurses.

Program appropriations account for the remainder of the \$30.4 million. These program appropriations, which represent largely the recommendations of the governor but also include a number of priorities identified by your Committee, come to a total of \$7.7 million. It is the intent of your Committee, and the bill so provides, that the \$7.7 million in supplemental program appropriations shall be funded through transfers from program appropriations previously made. Under the restrictions on program expenditures which have been applied by the administration, it is not anticipated that the program expenditure levels, in the aggregate, will reach the level authorized for fiscal year 1974-75 by the 1973 General Appropriations Act. As the general fund condition improves, it is anticipated that some program expenditure restrictions will be eased by the administration, but in examining this matter, your Committee believes that, on balance, sufficient amounts will still be available through program transfers to fund the \$7.7 million in supplemental appropriations. Your Committee came to the conclusion that the funding of the supplemental program appropriations through program transfers is a more prudent course than merely appropriating additional amounts. The effect of your Committee's action is that supplemental program appropriations have been provided without pushing the total program appropriations for fiscal year 1974-75 beyond the

total program appropriations level intended by the 1973 General Appropriations Act.

With respect to capital improvements, the non-enactment in the 1973 legislative session of a bond authorization to finance capital improvements has given added urgency to provide for project authorizations and adequate financing authority in the supplemental appropriations bill. By and large, your Committee finds that the recommendations for capital improvements made by the administration in the 1973 session and in this session are valid recommendations, and, together with those capital needs which your Committee has additionally identified, the State administration should now be able to proceed with appropriate planning and programming of public facilities. The more urgent of the authorizations affect the programs of the public school system. Because of unanticipated increases and shifts in enrollment, there are specific situations where the accessibility of education programs will be seriously disrupted if the design and construction of facilities do not proceed as currently programmed.

What, in effect, amounts to a one-year lag in providing for capital improvements is likely to generate additional pressures on the overall capital improvements program. In this context, your Committee has examined the debt structure and the constitutional debt limit of the State with a view toward assuring that the borrowing power of the State will not be exhausted and that a margin of safety will continue to exist. Your Committee finds that the general obligation bond authorization provided for in the supplemental appropriations bill keeps the State safely under the legal debt limit. With the enactment of the bond authorization, the State will still have a debt margin in excess of \$100 million, a margin which is likely to increase substantially in the next fiscal year with the extinguishing of outstanding debt and the recalculating of the debt limit under conditions of higher general fund revenues.

PROGRAM APPROPRIATIONS AND LEGISLATIVE INTENT

In this part, your Committee summarizes some of the principal program recommendations which have been incorporated into the supplemental appropriations bill. Where appropriate, your Committee has also included expressions of legislative intent with respect to the implementation of program appropriations made for the fiscal biennium.

LOWER EDUCATION

Foundation Program. One of the major advantages of a statewide educational system lies in the equality of educational opportunities which can be provided to all of the students in the public schools. The need for such equality of opportunity has been acknowledged by both the legislature and the department of education. This acknowledgment has been evident by the department's

development of the Foundation Program and the legislature's support of the program since its inception. The prime avenue by which such equality can be made available is through curriculum offerings and services, which depend to a great degree on the number of teachers at each school and the teaching competencies they bring with them.

Inequities in curriculum offerings existed even before financial austerity affected education programs, with wide variations occurring most commonly between large schools and small, and most notably between urban and rural areas. However, austerity has resulted in even more acute and debilitating effects as teacher positions have been restricted in an attempt to reduce the State's financial deficit. As a result of the resolution of collective bargaining issues in lower education during the previous negotiating cycle, a pupil-teacher ratio of 26.15 to 1 was allowed by the courts. A relatively strict adherence to this ratio resulted in the withholding of teacher positions at the school level. While this action of the administration contributed to the reduction of the State's deficit, it has a serious, adverse effect on the Foundation Program. Your Committee requests that the governor release at least 68 teaching positions to the department of education from the department's pool of restricted positions and that these positions be used to implement the course offerings of the Foundation Program. Your Committee has been informed by the department that the shortage of these positions statewide is crucial, and that the specific distribution should be: Hawaii district, 38; Maui district, 23; Kauai district, 4. Your Committee also requests the release of 3 additional positions to be assigned as the department assesses the need for them, for a total release of 68 positions. Your Committee believes that these positions, when translated into course offerings at the school level, will go a long way toward correcting the current inequalities in the implementation of the Foundation Program.

Hawaii English Program. The Hawaii English Program should be installed for grades K-6 in such a manner as to guarantee HEP program continuity from kindergarten through grade 6 for those children who have been in the program. The State can realize substantial savings by making this decision now and implementing it with bulk purchase of the needed materials, teacher training, teacher support services, and evaluation at an installation cost of \$1,876,705 for fiscal year 1974-75, by expenditure of funds previously appropriated. The Hawaii curriculum center should be provided with the resources, financed through internal savings of the department of education, to properly oversee, monitor, and evaluate the program and to initiate cost-cutting measures in materials procurement.

Vocational Education. To the maximum extent possible, federal funds available or to be made available in the future should go to the installation of the restructured vocational educational program in the secondary schools. It is a vital

program which should be installed as rapidly as possible.

HIGHER EDUCATION

Pacific and Asian Affairs Program. Hawaii's ties to the Pacific and to the East are not only inescapable — they should be consciously cultivated. The program of the Pacific and Asian Affairs Council is aimed at providing students from the secondary schools and community colleges with a greater understanding of Hawaii's Pacific and Asian heritage. The appropriation which has been included for the next fiscal year provides for the same level of State support for the program as in the current fiscal year.

College Opportunities Program. This program is a residential summer and first-year college program to attract and prepare potentially capable young people who may not otherwise pursue a higher education because of economic, geographic, cultural, or academic barriers. The program originally began as a demonstration project under Model Cities for the Kalihi-Palama and Waianae-Nanakuli neighborhoods. In 1973, the program was authorized on a statewide basis making it possible for the program to reach out into other disadvantaged communities. Your Committee supports the policy of removing barriers to higher education, and it has included an appropriation to assure the program's continuance in the next fiscal year.

ECONOMIC DEVELOPMENT

Kohala Grain Research. Appropriations have been included to continue the grain research being conducted by the college of tropical agriculture in connection with the redevelopment of the Kohala area. The college has been conducting grain research in Kohala for several years, but the research has been of limited scope and depth. With additional State support, it is anticipated that the research can provide information not only for the feed producing and livestock feeding enterprises in Kohala but for feed-livestock enterprises on other islands as well.

Kona Coffee Research. The labor-intensive coffee industry in Kona has been plagued by labor availability and costs. A joint report by the department of agriculture and the county of Hawaii recommends that research in uniform ripening and mechanical harvesting be conducted to determine and demonstrate whether coffee can continue to be economically viable in Hawaii. A mechanical shaker has been developed by the university, but additional research needs to be conducted to find ways to uniformly ripen the coffee beans. An appropriation has been included to finance the research and demonstration project, after which a decision should be made to continue or end the research.

Malaysian Prawn Research and Development. The department of land and natural resources has developed a practical mass culturing technique for

the giant freshwater Malaysian prawn, and prospects are that it can be farmed profitably on a commercial scale. Additional funds are needed to continue the research and development effort. It is anticipated that funds will be available through the Sea Grant Program of the National Atmospheric and Oceanic Administration, and that the State supplemental appropriation of \$60,000 is intended to match an expected \$120,000 grant.

PUBLIC SAFETY

Halawa Jail. An important aspect of the Correctional Master Plan is the establishment of a high security correctional facility for the "control of high custodial risk convicted felons or the temporary detention of high custodial risk persons awaiting trial." The governor has recommended, and your Committee concurs, that immediate steps should be taken to acquire the entire Halawa jail to be converted to and to serve as a high security correctional facility. An appropriation of \$1.8 million has been included to finance the operations of Halawa jail for the period ending June 30, 1975. It is anticipated that the State will enter into contractual arrangements for the City and County of Honolulu to continue to operate the jail until July 1, 1975, at which time the State will take over the operations of the facility. The contract proposal has been recommended by the governor because it allows the State a transitional period to complete necessary plans for the eventual takeover.

Hawaii State Prison. Supplemental appropriations have been included not only to improve conditions at the Hawaii State Prison but to strengthen the rehabilitative aspects of the corrections program. Various community based work-or-education residential center programs are to be supported, including the community residential center, a behavior modification program to be conducted by the social welfare development and research center of the university of Hawaii, a transactional analysis program, a Hawaiiana program, a money management and family budget program, an ethics and social responsibility program, and adequate staff supervision for these programs.

Judiciary. The courts are to be strengthened in several ways. Appropriations have been included for 3 additional circuit judges which were previously authorized, including supporting personnel; additional positions to cope with district court workload in civil cases; and in criminal cases, the inclusion of appropriations for two additional district judges and supporting personnel.

HEALTH

Mental Health Services for Children. Up to now, children's mental health services had received a relatively low priority in terms of the department of health's program emphasis in mental health. A study conducted by the Mental Health Association of Hawaii revealed that ap-

proximately 10 to 12 percent of the children in the State suffer from some kind of emotional, behavioral, or learning disturbance and that existing programs do not provide children's mental health services in proportion to the need. Your Committee has therefore provided a significant appropriation to develop and implement mental health service capabilities which shall reach as many children as possible.

Mental Health Pilot Program. A supplemental appropriation has been included for a pilot program to study certain dietary changes of mentally ill persons. Research to date has found that, in some cases of mental illness such as hypoglycemia, dietary factors seem to have significant influence over the patient's condition. The project proposed is to explore these aspects and to promote specific dietary changes for mental patients as a possible, additional or alternative approach in treatment.

Alcoholism. Alcoholism continues to be one of the large problems of our society, not only in Hawaii but elsewhere. At the present time, the Salvation Army detoxification center is the only center offering ambulatory care for persons intoxicated by alcohol. It operates on contract to the department of health. As the problem of alcoholism is so acute in the community, it is a program which deserves and requires State support, and your Committee has so provided such support in the bill.

SOCIAL PROBLEMS

Federally-Related Social Programs. Without State support, a number of social programs, which up to now have received federal funding, are in danger of being curtailed. This condition results from the impending withdrawal of federal funding of the programs. Your Committee has reviewed the various programs which are in danger of curtailment. These programs include the Progressive Neighborhoods program, the Hawaii Economic Opportunity program, and various projects under the Model Cities program. In the supplemental appropriations bill, your Committee has provided for State support of the projects which are threatened by federal withdrawal of funding. In the case of Model Cities projects, State support is to be matched by support from the City and County of Honolulu.

Child Care Services. Your Committee has provided for funds to match federal funds under Title IV-A of the Social Security Act for the purchase of additional child care services. The appropriation will enable an equal geographic distribution of State appropriated matching funds, service gaps to be filled by new programs where necessary, and the building of Title IV-A resources in some programs so that there will be assets, not drains, on available community resources. It would also allow extension of service to previously passed-over target groups, such as infants and toddlers and school-age children.

Hawaii Senior Center. The Senior Center, which has been operational since 1969, has proven to be a well-utilized and valuable program for senior citizens. Enrollment has grown quickly and the center currently serves approximately 3000 persons with an average daily utilization of about 250 persons. The center is currently being funded by Title III of the Older Americans Act, but at the end of the current fiscal year, the center will lose federal funding. The center's program is well worth retaining, and your Committee has included an appropriation to support the center's continuance.

Regulation of Day Care Centers for the Elderly and Disabled. In 1972, the legislature enacted Act 198 to assure the protection and safeguard the interests of the elderly and disabled in day care centers. This was to be accomplished through the development of minimum standards of day care centers and family day care homes and to recruit, license, and purchase the services of these centers. Your Committee believes that the act provides for an alternative to institutional care, and it has included an appropriation so that the purposes of the act can be achieved.

GOVERNMENT-WIDE SUPPORT

Campaign Spending Commission. In the 1973 legislative session, Act 185 was enacted which provides for the regulation of spending in political campaigns. However, the act did not provide for an appropriation. It is evident that, if the campaign spending commission is to implement the act effectively, it must be provided with an adequate and competent staff. It is estimated that there will be 1000 to 1800 campaign reports to be reviewed by the commission as a result of the forthcoming elections. Your Committee has provided sufficient funds for the commission to obtain staff support to cope with the large workload required by the initial implementation of the act.

Energy Conservation. Much of the present energy crisis is beyond the control of the State. But the State can devise short-term plans to minimize the impact of external events and, over the long term, proceed to investigate and develop alternative energy sources. An appropriation of \$150,000 has been made for the purpose of developing contingency plans for energy conservation, a statewide energy plan, a public information program for energy conservation, and for researching alternative energy sources under federal matching grants.

Your Committee on Finance is in accord with the intent and purpose of **H. B. No. 2374-74**, as amended herein, and recommends that it pass second reading in the form attached hereto as **H. B. No. 2374-74, H. D. 1**, and be placed on the calendar for third reading.

Signed by all members of the Committee.

SCRep. No. 482-74 Judiciary and Corrections on