

STANDING COMMITTEE REPORTS

SCRep. 1-78 Legislative Management

Informing the House that House Resolution Nos. 1 to 5, House Concurrent Resolution Nos. 1 and 2, and Special Committee Report No. 1, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 2-78 Legislative Management

Informing the House that House Resolution Nos. 6 and 7, and Special Committee Report No. 2, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 3-78 Legislative Management

Informing the House that House Concurrent Resolution No. 3 have been printed and distributed.

Signed by all members of the Committee.

SCRep. 4-78 Legislative Management

Informing the House that House Bill Nos. 1766-78 to 1971-78, and House Resolution No. 8, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 5-78 Legislative Management

Informing the House that House Bill Nos. 1972-78 to 2065-78, House Resolution No. 9, and Special Committee Report No. 3, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 6-78 Legislative Management

Informing the House that House Bill Nos. 2066-78 to 2110-78, House Resolution Nos. 10 to 99, and House Concurrent Resolution Nos. 4 to 29, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 7-78 Legislative Management

Informing the House that House Bill Nos. 2111-78 to 2127-78, House Resolution Nos. 100 to 106, and House Concurrent Resolution No. 30, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 8-78 Legislative Management

Informing the House that House Bill Nos. 2128-78 to 2190-78, House Resolution Nos. 107 to 113, House Concurrent Resolution Nos. 31 to 33, and Standing Committee Report Nos. 9 to 11, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 9-78 Finance on H.B. No. 1909-78

The purpose of this bill is to increase from 2 per cent to 8 per cent the rate of interest on the refund of taxes paid under protest.

Under the present provisions of HRS 40-35, a taxpayer is permitted to make payment under protest and to file for recovery within 30 days after payment. If the appeal decision is in favor of the protesting taxpayer, interest on the recovery of the protested amount is limited to 2 per cent annual interest. In contrast, a taxpayer filing a successful appeal to the tax appeal court or the boards of review under other HRS sections such as 235-114, 237-42, 238-8, or 239-7 receives 8 per cent interest on the disputed amount.

This bill adds a proviso to HRS 40-35 which refers to HRS 231-23 thereby allowing an 8 per cent rate of interest on the overpayment of taxes. This amendment will make interest rates more uniform on tax refunds and is supported by the state Department of Taxation.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1909-78 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 10-78 Finance on H.B. No. 1768-78

The purpose of this bill is to amend the refund limitation period for the general excise and use tax to be three years after the filing of the annual return or within three years of the due date prescribed for the filing of the annual return, whichever is later, thereby conforming the refund limitation period to the assessment period.

The limitation period for assessments was changed when HRS 237-40 was amended by Act 9, SLH 1971, but the limitation for refunds and credits was left unchanged with the three-year period running only from the date the return was filed. As a result, the taxpayer who files his annual return early (before the April 20 due date), is faced with a shorter period for claiming refunds or credits.

For example, a taxpayer filed his annual return on February 20, 1974 which was not due until April 20, 1974. In March 1977, the tax department assesses an additional tax. In the meantime, the taxpayer discovers he has overpaid his tax. However, because the taxpayer did not file a claim for this overpayment by February 20, 1977, he is unable to offset it against the assessment made by the department in March.

This measure would allow the taxpayer to claim a refund up to three years after the due date of the return even though he may have filed earlier than the due date.

The state Department of Taxation supports the enactment of this proposal.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1768-78 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 11-78 Finance on S.B. No. 1736-78

The purpose of this bill is to appropriate funds for defraying the expenses of the Ninth Legislature up to June 30, 1979, and for the legislative support agencies during the fiscal year 1978-79.

The identical companion bill in the House of Representatives, H.B. No. 1766-78, was approved by your Committee after due consideration on January 26, 1978.

Your Committee finds that the appropriations in this bill will provide for the fundamental needs of the legislature. The total of the appropriations is equal to the amount authorized in Act 1 of the 1977 Regular Session.

SENATE AND HOUSE OF REPRESENTATIVES

\$1,552,093 is appropriated for the Senate and \$2,007,750 is appropriated for the House of Representatives. Your Committee finds that these appropriated funds will be sufficient

to maintain the costs of the Legislature for such items as equipment, supplies, staff services and other expenses.

LEGISLATIVE AUDITOR

The appropriation for the Office of the Legislative Auditor to meet the basic operating budget of that office is \$973,680. Also appropriated to the office is \$150,000 for special studies to be jointly determined by the President of the Senate and the Speaker of the House of Representatives.

STATE ETHICS COMMISSION

\$93,500 is approved and appropriated for the purposes of the State Ethics Commission.

LEGISLATIVE REFERENCE BUREAU

Your Committee approves the appropriation of \$916,935 for the Legislative Reference Bureau.

Your Committee has reviewed Act 8, Special Session Laws of Hawaii 1977, and your Committee wishes to express concern over the delay in the reorganization of the state statute revision and publication program. Under Act 8, the program is to be an integral part of the Legislative Reference Bureau with the intent of increasing the efficiency and maximizing the use of the statute revision program to the Legislature. The independent and separate administration of the program is to be discontinued and the operation and staff of the program is to be within the offices of the Bureau. Your Committee requests that the director of the Bureau carry out the intent and purpose of Act 8 and submit a status report to this 1978 Legislature on the reorganization of the statute revision and publication program, with plans for the full integration of the program with other legislative functions and duties of the Bureau.

OMBUDSMAN

The budget request for the Office of the Ombudsman is \$284,009 and your Committee recommends that such amount be appropriated.

LAPSING OF FUNDS

Appropriations under this bill are subject to lapse as of June 30, 1979.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1736-78, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 12-78 Legislative Management

Informing the House that House Bill Nos. 2191-78 to 2291-78, House Resolution Nos. 114 to 160, and House Concurrent Resolution Nos. 34 to 36, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 13-78 Legislative Management

Informing the House that House Bill Nos. 2292-78 to 2324-78, House Resolution Nos. 161 to 173, and House Concurrent Resolution Nos. 37 to 39, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 14-78 Legislative Management

Informing the House that House Bill Nos. 2325-78 to 2354-78, House Resolution Nos. 174 to 192, and House Concurrent Resolution Nos. 40 and 41, have been printed and

distributed.

Signed by all members of the Committee.

SCRep. 15-78 Legislative Management

Informing the House that House Bill Nos. 2355-78 to 2377-78, House Resolution Nos. 193 to 207, House Concurrent Resolution Nos. 42 to 47, and Standing Committee Report No. 16-78, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 16-78 Housing on H.B. No. 1869-78

The purpose of this bill is to limit the cash contribution required of a subdivider in lieu of the dedication of land for park and playground space, as provided for in Section 46-6(b), Hawaii Revised Statutes, and thereby reduce the cost of home ownership.

Your Committee finds that, although the purpose of Section 46-6(b), Hawaii Revised Statutes, was to promote park space, one major effect has been to increase development costs, which are then passed on to the home buyer, ultimately increasing the cost of housing in Hawaii.

Your Committee believes that the proposed bill will help reduce the cost of housing by limiting the amount which can be imposed on the developer and, therefore, the amount which can be passed on to the purchaser.

Your Committee further finds that, as there are no maximum standards for cash contributions, there is a great disparity in the amount of contribution required by each county. Testimony received from the Council of Housing and Construction Industry indicated that while some counties require minimal contributions, other counties have required cash contributions in excess of \$3,000.00 per lot.

Your Committee believes that the proposed bill will create more uniformity between the counties by limiting to \$500.00 the amount which can be assessed against the subdivider.

Your Committee on Housing has amended the proposed Bill to provide that any cash contribution made by the subdivider will be refunded if the development does not gain county approval. Your Committee believes that this protection should be explicitly extended to the subdivider.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 1869-78, as amended, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1869-78, H.D. 1, and be referred to the Committee on Water, Land Use Development, and Hawaiian Homes.

Signed by all members of the Committee except Representative Baker.

SCRep. 17-78 Legislative Management

Informing the House that House Bill Nos. 2378-78 to 2426-78, House Resolution Nos. 208 to 217, House Concurrent Resolution No. 48, and Special Committee Report No. 4, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 18-78 Legislative Management

Informing the House that House Bill Nos. 2427-78 to 2497-78, House Resolution Nos. 218 to 227, and House Concurrent Resolution Nos. 49 and 50, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 19-78 Employment Opportunities and Labor Relations on H.B. No. 1802-78

The purpose of this bill is to increase the present \$2.40 minimum hourly wage to \$3.35 an hour in four yearly increments beginning on January 1, 1978. The first increase would be to \$2.65 an hour effective January 1, 1978, the second increase to \$2.90 effective January 1, 1979, the third to \$3.10 effective January 1, 1980, and the fourth to \$3.35 an hour effective January 1, 1981.

The present minimum wage of \$2.40 an hour became effective on July 1, 1975. It was part of a two-step increase enacted in 1974, the first step thereof being an increase from \$1.60 to \$2.00 an hour on July 1, 1974.

This bill attempts to gradually eliminate the gap between the earnings of a minimum wage worker and his cost of living. These disadvantaged workers are the persons who need a higher minimum wage. For example, a head of a family of four and employed fulltime at the present \$2.40 an hour minimum is considered to be living in poverty as the federal government's poverty level income criterion for a Hawaii family of four is \$6,730 annually or the equivalent of an hourly wage of \$3.24. The worker would only earn \$4,992 annually at the present minimum wage. Another basis for comparison is the Department of Social Services and Housing's July 1977 Annual Maximum Allowance for a family of four, excluding food stamps bonuses and medical care cost covered by Medicaid, which is \$6,396. At the proposed \$3.35 rate, the worker would earn \$6,968 annually and have some incentive to seek employment.

In 1977 Congress increased the federal minimum wage under the Fair Labor Standards Act to \$3.35 an hour in four annual increments beginning January 1, 1978.

In light of testimonies received at the public hearing conducted by your Committee, your Committee believes that this bill should be amended to make the Hawaii minimum wage equal to the federal minimum wage within six months of the federal increases which become effective on January 1 of each year until 1981. The bill has therefore been amended to make the state minimum wage increases effective on July 1 of each year until 1981.

Your Committee finds that simultaneous increases to the maximum proposed rate would impose undue burdens on some employers. A phased increase as recommended would allow employers time to prepare for the increases and would still improve the wage earner's ability to cope with increased living costs.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.B. No. 180278, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 180278, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Cobb.

SCRep. 20-78 Legislative Management

Informing the House that House Bill Nos. 2498-78 to 2561-78, House Resolution Nos. 228 to 243, House Concurrent Resolution No. 51 and Standing Committee Report Nos. 19, 21 to 28 have been printed and distributed.

Signed by all members of the Committee.

SCRep. 21-78 Housing on H.R. No. 39 (Majority)

The purpose of this resolution is to seek information regarding the feasibility of implementing programs designed to reduce the cost of housing for Hawaii's people.

Your Committee finds that the cost of developable land and the lack of low interest financing are directly responsible for the increase in housing costs.

Your Committee further finds that many families who desire to purchase homes cannot qualify for the necessary financing, simply because family incomes have not kept up with the escalating cost of housing. It is felt that innovative purchase and sales programs would help to alleviate this problem, and allow more of Hawaii's residents to become homeowners.

Testimony received from the Council of Housing and Construction Industry attests that the high costs the developer must bear in obtaining land and financing are a large contribution to the high cost of housing. The Council also testified that low interest loan programs, similar to those requested to be studied by this resolution, have been successfully implemented by the County of Maui.

Further testimony, by KACOR-Hawaii Kai indicated that a program similar to the rental credit downpayment program proposed by the resolution was used successfully by the Hawaii Kai subdivision several years ago.

Your Committee feels that the programs set forth would help reduce the cost of housing by reducing financing costs and land costs, as would the establishment of innovative sales and purchase programs.

Your Committee has amended H.R. No. 39 by amending paragraph 6, page one, to include a list of those State and county agencies and departments requested to consider the suggestions of the resolution and prepare reports.

Your Committee has further amended H.R. No. 39 by extending the due date of the reports from the State and county agencies until sixty days prior to the convening of the Tenth Legislature, Regular Session, 1979. Your Committee believes that this action will enable more thorough investigations and more comprehensive reports to be made by the agencies and departments.

Your Committee has made other amendments for purposes of clarity, and without substantive change.

Your Committee on Housing is in accord with the intent and purpose of H.R. 39, as amended herein, and recommends it be referred to the Committee on Finance in the form attached hereto as H.R. No. 39, H.D. 1.

Signed by all members of the Committee.
(Representative Baker did not concur).

SCRep. 22-78 Employment Opportunities and Labor Relations on H.B. No. 1803-78 (Maj).

The purpose of this bill is to extend the State Program for the Unemployed as established by Act 151, Session Laws of Hawaii 1975 and amended by Act 134, Session Laws of Hawaii 1976 and Act 3, Special Session Laws of Hawaii 1977, to June 30, 1979 and to appropriate funds to carry out this purpose.

Act 151, Session Laws of Hawaii 1975, established the State program for the unemployed (SPU) which was designed as a oneyear program to alleviate the effects of the State's high unemployment rate through public service jobs and other employment programs. In 1976, the Legislature extended and funded SPU for an additional year through Act 134. Act 3, Special Session Laws of Hawaii 1977 extended and funded SPU for an additional year, through June 30, 1978.

Your Committee finds that unemployment in the State is still at a very high level, and believes that the State program for the unemployed must be continued as one effort to alleviate the problem of the unemployed.

Your Committee believes that efforts need to be directed to the areas of encouraging and stimulating private industry to create jobs of a permanent nature. Your Committee realizes that many of the unemployed should be counseled as to the areas in which employment opportunities exist, and subsequently, be trained or retrained so as to be employable in these areas.

Your Committee has amended the bill to specify that the sum of \$9,000,000 be appropriated to implement Act 151, Session Laws of Hawaii 1975, as amended by Act 134, Session Laws of Hawaii 1976, and as amended by Act 3, Special Session Laws of Hawaii. Your Committee further amended the bill to specify that the sum of \$2,000,000 to implement the program set forth in parts III and IV of the chapter created in section 1 of Act 151, Session Laws of Hawaii 1975, as amended by Act 134, Session Laws of Hawaii 1976, as amended by Act 3 Special Session Laws of Hawaii 1977.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.B. 180378 as amended herein, and recommends that it pass

Second Reading in the form attached hereto as H.B. 1803-78, H.D. 1, and be referred to Committee of Finance.

Signed by all members of the Committee.
(Representative Cobb did not concur).

SCRep. 23-78 Employment Opportunities and Labor Relations on H.R. No. 57

The purpose of this resolution is to request Congress to reestablish a federal supplemental benefits program in order to provide additional unemployment compensation benefit payments to claimants who exhaust their regular and extended benefits and continue to be unemployed through no fault of their own.

The Federal Supplemental Benefits (FSB) program was established as an emergency unemployment compensation program designed to provide economic relief to workers who remain unemployed for a prolonged period of time. As of January 31, 1978, the FSB program has been terminated. Financed by the Federal government through the Federal Unemployment Tax Act (FUTA), the FSB program assumed that after a considerable period of unemployment had lapsed, the jobless status of workers is attributable to the depressed conditions of the State's economy which is beyond their control.

Your Committee recognizes the need to maintain the FSB program but also realizes that employers have indirectly bore the burden through FUTA. Your Committee believes that the economy has not recovered adequately to provide sufficient job opportunities for the unemployed worker and therefore, feels there is a pressing need to reestablish such a program. However, your Committee agrees with testimony presented that the cost for such an emergency type unemployment compensation program should be supported by the general revenues of the federal government. Accordingly, your Committee has amended the resolution to reflect this and to provide for a broader distribution of the certified copies of the Resolution.

Your Committee on Employment Opportunities and Labor Relations 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. 57, H.D. 1.

Signed by all members of the Committee.

SCRep. 24-78 Employment Opportunities and Labor Relations on H.C.R. No. 5

The purpose of this concurrent resolution is to request Congress to reestablish a federal supplemental benefits program in order to provide additional unemployment compensation benefit payments to claimants who exhaust their regular and extended benefits and continue to be unemployed through no fault of their own.

The Federal Supplemental Benefits (FSB) program was established as an emergency unemployment compensation program designed to provide economic relief to workers who remain unemployed for a prolonged period of time. As of January 31, 1978, the FSB program has been terminated. Financed by the federal government through the Federal Unemployment Tax Act (FUTA), the FSB program assumed that after a considerable period of unemployment had lapsed, the jobless status of workers is attributable to the depressed conditions of the State's economy which is beyond their control.

Your Committee recognizes the need to maintain the FSB program but also realizes that employers have indirectly bore the burden through FUTA. Your Committee believes that the economy has not recovered adequately to provide sufficient job opportunities for the unemployed worker and therefore, feels there is a pressing need to reestablish such a program. However, your Committee agrees with testimony presented that the cost for such an emergency type unemployment compensation program should be supported by the general revenues of the federal government. Accordingly, your Committee has amended the resolution to reflect this and to provide for a broader distribution of the certified copies of the Resolution.

Your Committee on Employment Opportunities and Labor Relations concurs with the intent and purpose of H.C.R. No. 5, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 5, H.D. 1.

Signed by all members of the Committee.

SCRep. 25-78

Finance on H.B. No. 1907-78

The purpose of this bill is to clarify the provisions of the Income Tax Law relating to the taxing of income received by taxpayers who change their residence during the taxable year.

HRS 235-4(a) provides that the income tax imposed applies to the entire income of a resident, computed without regard to source in the State. HRS 235-4(b) provides that 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. HRS 235-4(c) provides that when the status of a taxpayer changes during the taxable year from resident to nonresident or from nonresident to resident, there shall be attributed to the State such portion of the income dependent upon the residence of the taxpayer as is determined by applying to such income for the whole taxable year the ratio which the period of residence in the State bears to the whole taxable year, unless the taxpayer can show to the satisfaction of the department of taxation that the result is to attribute to the State income, dependent upon residence, received during the period of nonresidence, in which event the amount of such income shall be excluded.

This bill would amend HRS 235-4(c) to state that the tax imposed by this chapter applies to the entire income earned during residence as provided by HRS 235-4(a) and that the tax shall apply to the income of a nonresident in the manner provided by HRS 235-4(b), and that the ratio method will be used only if it cannot be determined whether income was received or derived during the period of residence or during the period of nonresidence. This administrative measure will clarify the language of HRS 235-4(c). It will insure the reporting of the proper income to the State of Hawaii by persons establishing or terminating residence.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1907-78 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 26-78

Finance on H.B. No. 1917-78

The purpose of this bill is to update state statutory provisions relating to the Federal Surplus Property Program.

Public Law 94-519, amended Section 203 of the Federal Property and Administrative Services Act of 1949 to permit the donation of Federal surplus personal property to the States and local organizations for public purposes, and for other purposes. The amendment, which became effective October 17, 1977 considerably increases the number of activities to which surplus personal property may be donated through the designated State Agency for Surplus Property. Prior to October 17, 1977, the donation of surplus personal property was confined to certain designated categories of tax supported and nonprofit, tax-exempt educational and public health institutions, and to civil defense organizations. In accordance with Public Law 94-519, surplus personal property may be donated to any public agency in carrying out or promoting for the residents of a given political area, one or more public purposes such as conservation, economic development, education, parks and recreation, public health, and public safety, or to nonprofit, tax-exempt educational and public health institutions for purposes of education or public health, including research for any such purpose. This bill proposes to amend HRS 29-18 to make it consistent with Public Law 94-519.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1917-78 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 27-78

Finance on H.B. No. 1918-78

The purpose of this bill is to revise the statutory reporting requirements for moneys not deposited in the state treasury by state agencies.

HRS 40-81 currently requires monthly reports to the comptroller on public moneys

held by state agencies outside the state treasury. This law, which was enacted in 1941 also calls for rules and regulations to prescribe the reporting procedure; however, the rules and regulations have never been issued. While some agencies do submit monthly reports on their moneys held outside the state treasury, the requirement for monthly reports has not been strictly enforced, partly because of the absence of related rules and regulations, and partly because there has been no compelling need for monthly reports in the accounting system. The accounting system has used annual reports received at the end of each fiscal year, for recording in the state's accounting records those moneys held outside the state treasury. By this means, the state's annual financial report has covered all moneys, whether or not held in the state treasury.

In connection with improvements being made currently to the state's financial accounting and reporting, it is recognized that the quarterly reports issued throughout a fiscal year should also reflect all moneys. Present plans, therefore, call for including in quarterly reports all moneys previously included only on an annual basis.

In making these improvements, this bill recommends that the statutory monthly requirement be amended to a quarterly requirement, and that 15 days be given for submission of the reports rather than only 10 days as currently provided. This recommended amendment should result in improved quarterly financial reporting, and a more reasonable allowance of time to these agencies required to report on their moneys outside the state treasury.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1918-78 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 28-78 Finance on H.B. No. 1911-78

The purpose of this bill is to change the date in certain real property related tax provisions to clarify tax lien and exemption procedures.

Act 157, SLH 1975, made substantial revisions to the real property tax law relating to the schedule of real property assessment functions. One of the changes was a shift in the assessment date from July 1, which is the first day of the tax year, to January 1 preceding the tax year. Revisions to the lien date and the effective date of certain tax exemptions also shifted from July 1 to January 1.

As a result of the change in assessment date, property values are now assessed six months prior to the corresponding tax year in which the tax is actually imposed. It is important to note that the tax is still imposed and collected on a tax year (or fiscal year) basis. Because of this, the lien date should fall within the tax year and should not have been changed in the first place. Similarly, the changes providing for certain properties to become exempt from real property taxes as of January 1 were also incorrect. This bill will move the lien date and the effective date of tax exemptions back to the start of the tax year (July 1).

Your Committee has amended Page 6, Section 5 of this bill to make it effective upon approval rather than June 30, 1979. This amendment is recommended by the Department of Taxation.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1911-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1911-78, H.D. 1 and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 29-78 Legislative Management

Informing the House that House Bill Nos. 2562-78 to 2703-78, House Resolution Nos. 244 to 249, Standing Committee Report Nos. 30-78 to 34-78, and Special Committee Report No. 5, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 30-78

Finance on H.B. No. 1926-78

The purpose of this bill is to permit the Director of Finance to charge interest on money used in financing reimbursable general obligation bond fund projects in the bond fund prior to the issuance of the bonds.

A reimbursable general obligation bond fund project is a project funded by general obligation bond funds with the debt service cost to be repaid from special funds, such as, the Airport Revenue Fund or the University of Hawaii Revenue Undertakings Fund. Reimbursable general obligation bond fund projects are assessed debt service charges only to the extent bond sale proceeds are allocated to the projects. When funds are expended for a reimbursable project in excess of bond proceed allocations, the excess portion on bond fund expenditures is not assessed a debt service charge until such time as proceeds of subsequent bond sales are allocated. The use of loan funds in this way has been viewed as an interest-free loan to the reimbursable project during the period between bond sales.

The contention is that interest-free loans deprive the general fund of earnings that it would have realized if it could have invested such funds in interest-bearing securities.

To permit the equitable and timely charge of interest, this amendment would authorize the Director of Finance to assess interest on moneys expended for reimbursable projects for which no bond proceeds were allocated. Also, this bill sets the ceiling for the rate of interest to be charged--the rate being that which the State could have realized if it invested the same in time certificates of deposit.

Assessment of interest for temporary loans to reimbursable bond fund projects has been recommended as sound financial practice by the consultants who performed the cash and debt management studies and by certified public accountants auditing the State agencies. While it is suggested by the consultants that there is implied authority to assess interest, this bill will explicitly provide for the charging of interest on the temporary use of moneys in the loan fund.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1926-78 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 31-78

Finance on H.B. No. 1927-78

The purpose of this bill is to allow the Department of Budget and Finance the option of funding the "plan" cost element and the "equipment and furnishings" cost element from either the general revenue fund or the general obligation bond fund sources in the case of general fund projects and in the case of special fund projects, the options of funding these cost elements from the special fund, the revenue bond fund, or from the reimbursable general obligation bond fund.

This bill amends certain definitions contained in HRS 37-62 to expand the cost element for capital investment purposes to include the cost element for "plan" and the cost element for "equipment and furnishing." The cost elements for capital investment purposes are presently limited to "land acquisition," "design" and "construction." Also, equipment included in "construction costs" will be limited to "built-in equipment."

The inclusion of the additional cost elements for "plan" and for "equipment and furnishings" will allow for the more precise accounting of expenditures for capital investment purposes. More importantly, it would allow for the funding of these cost elements from cash sources, rather than exclusively from bond fund sources as is presently the case, and should cash be available for that purpose.

Under the present cost classification, "plan" is treated as "design" cost item and "equipment and furnishings" are included as a "construction" cost item. Capital investment outlays are predominantly funded from bond fund sources, and understandably so, because of the long-life duration of such capital improvement projects whose benefits extend far into the future.

Prudent financial practice indicates that, in some instances, it may be preferable to fund "plan" cost items which could include general planning, master planning, preliminary planning, advance planning, feasibility studies, and the cost element

"equipment and furnishings" from cash sources, because these items do not have the long life expectation which we usually associate with long term bond financing.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1927-78 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 32-78 Finance on H.B. No. 1931-78

The purpose of this bill is to conform the signing and issuance of state warrants drawn against the state mortgage guarantee fund with present practice.

The provisions of HRS 359G-12 require that all disbursements from the state mortgage guarantee fund shall be on warrants signed by the director of finance. This requirement for warrants to be signed by the director of finance does not conform to the general law incorporated in HRS 40-51, which prescribes that warrants shall be signed by the comptroller or his deputy.

Your Committee agrees that there appears to be no compelling reason for requiring the director of finance to sign warrants for disbursements from the fund and is not in accordance with sound internal control practices. Under current operating practice, the comptroller is responsible for determining that all financial expenditures conform to legal requirements and the preparation and issuance of the warrants. This proposal will conform to that practice.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1931-78 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 33-78 Finance on H.B. No. 1940-78

The purpose of this bill is to authorize the Stadium Authority to set up a special account for all receipts of Stadium licensees which are collected by the Authority from the sale of admission tickets and as advance deposits by Stadium licensees for the use of the Stadium. These receipts are to be deposited to the credit of the Authority in a bank or other depository doing business under the laws of the State, and the Authority will be authorized to disburse moneys from the account.

Under current practice, receipts of Stadium licensees are deposited into the State Treasury by the Stadium Authority. Upon settlement of accounts, the Authority deducts from the licensees' receipts any amounts due to the Authority, and such amounts are transferred to the Stadium special fund. The balance of the licensees' receipts are disbursed to the licensees. Since licensees' receipts are kept in the State Treasury, all moneys due to licensees must be processed through regular State disbursing channels. This means that upon settlement of accounts with the Authority, licensees must normally wait anywhere from four to seven days before receiving their money. This delay creates unnecessary financial hardship and is a subject of major concern of licensees of the Stadium. Immediate payment is especially critical to licensees who are promoters of shows because they normally make financial settlement with the performers the same night of the event.

Your Committee agrees that Stadium licensees should receive their own funds without unnecessary delay and your Committee supports this authorization to the Stadium Authority to deposit into a bank or other depository and disburse therefrom moneys due Stadium licensees.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1940-78 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 34-78 Finance on H.B. No. 2098-78

The purpose of this bill is to provide the State with explicit authorization to use either the Net Interest Cost (NIC) method or the True Interest Cost (TIC) method to determine the winning bid submitted on the sale of general obligation bonds. This bill also provides language to describe the type of interest rates applicable to registered and unregistered general obligation bonds.

In a study of the State's Debt Management Program, Peat, Marwick, Mitchell and Company recommended that the State adopt the True Interest Cost method in the computation of interest for the purpose of evaluating bids on its general obligation bond sales. The State currently awards its bonds to the bidder offering the lowest net interest cost. Under the Net Interest Cost method, the interest cost of a bond issue is the weighted average of interest payments over the life of the issue. On the other hand, the TIC method represents a present value rate of all future debt service payments for the issue. The TIC method is a superior method of interest cost computation in that it recognizes the principle of annuity mathematics.

Bond counsel has advised that although the present statute is broad enough to permit a determination of the lowest interest cost to the State on either the true interest cost or the net interest cost basis, the statute is not clear that the basis of award is totally discretionary. They suggested that HRS 39-6 be amended to expressly permit such an award.

The addition of the words "coupon or stated" to HRS 39-5 is merely for clarification purposes. General obligation bonds of the State may be issued with or without the privilege of registration. Interest on unregistered bonds are paid upon the surrendering of a coupon which is attached to the bond. The interest rate on such bonds is referred to as coupon rate. In the case of registered bonds, interest is automatically sent to the registered owner. The rate of interest on registered bonds is known as the stated rate.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2098-78 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 35-78 Legislative Management

Informing the House that House Bill Nos. 2704-78 to 3104-78, House Resolution Nos. 250 to 253, House Concurrent Resolution No. 52, and Standing Committee Report Nos. 36-78 to 39-78, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 36-78 Health on H.B. No. 1833-78

The purpose of this bill is to improve the transportation services for handicapped students who are qualified or otherwise determined by the department of education to be eligible for private sector programs only.

Under present law the department of education does not provide bus aides for buses transporting handicapped students.

Your committee feels that supervision of the handicapped students is necessary for the well-being of the students and bus driver.

Therefore your committee requests that \$100,000 be appropriated to provide 31 bus aides for the transportation of handicapped students. Your committee recommends an amendment for the purpose of appropriating the additional funds necessary to carry out the purposes of this Act. Such amendment would be as follows:

"(a) SECTION 1. This is appropriated out of the general revenues of the State of Hawaii the sum of \$100,000, or so much thereof as may be necessary to provide 31 special education bus aides on certain buses to transport handicapped students who are eligible for this transportation."

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1833-78, as amended herein, and recommends that it be referred to the Committee on Education in the form attached hereto as H.B. No. 1833-78, H.D. 1.

Signed by all members of the Committee except Representatives
Baker and Ueoka.

SCRep. 37-78 Housing on H.B. No. 2188-78 (Majority)

The purpose of this bill is to make an appropriation of \$120,000 for the operation of the Council of Housing and Construction Industry.

Your Committee finds that the sum of \$120,000 is necessary to enable the Council of Housing and Construction Industry to continue its present search for solutions to Hawaii's housing problems, to provide for the Council's day-to-day expenditures, and for the hiring of necessary staff.

Your Committee believes that the Council of Housing and Construction Industry has demonstrated in the first few months of its operation, its ability to use the technical expertise of both governmental and private sectors to investigate and offer solutions to the problems of making housing available to the people of Hawaii. The Council of Housing and Construction Industry's first report entitled "Report to the Legislature on the Concerns and Findings Relative to the High Cost of Housing in Hawaii," dated January 1978, was submitted to the Legislature this year.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 2188-78, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.
(Representative Campbell did not concur.)

SCRep. 38-78 Housing on H.R. No. 41

The purpose of this resolution is to request the counties to consider modifying present zoning rules, regulations, and ordinances to permit increased housing density in an effort to reduce housing costs.

Your Committee finds that the high cost of housing in Hawaii is a direct result of the high cost of land. Therefore, one means of reducing the cost of housing would be to reduce costs tied to governmental density requirements. Your Committee feels that a viable means of increasing housing density would be to allow home builders to use smaller lots whose sizes are based on minimum areas and offset minimums rather than on minimum length and width. Home builders would still be required to provide for adequate supporting offsite facilities, open space, and parking facilities.

Your Committee also believes that the use of innovative design techniques would aid in reducing the cost of housing, while preserving open space and conserving developable land. Such innovative design techniques would include zero lot line programs in which adjoining homeowners grant to the other an easement to their respective side yards, thus increasing the yard space between the houses. Another innovative method would be the development of two-story vertical duplexes as an alternative to horizontal duplexes. These vertical duplexes would reduce the amount of actual land area that a structure occupies, thus resulting in reduced housing costs.

Your Committee further believes that the increased density allowances would also aid the ailing construction industry by providing them with a means to market more saleable units at reduced costs.

Your Committee has amended the resolution by renumbering the paragraphs for the purpose of consistency.

Your Committee on Housing is in accord with the intent and purpose of H.R. No. 41, as amended herein, and recommends that it be referred to the Committee on State General Planning in the form attached hereto as H.R. No. 41, H.D. 1.

Signed by all members of the Committee.

SCRep. 39-78 Housing and Youth and Elderly Affairs on H.B. No. 2186-78

The purpose of this bill is to appropriate funds for the establishment and operation of housing projects designed for the elderly.

Your Committees on Housing and on Youth and Elderly Affairs find that elderly people are seriously affected by the rising costs of housing because they are often on fixed incomes.

Testimony received indicated that there is at present a large number of elderly people living in substandard housing in Hawaii. There may be more than 6,000 elderly in need of better, or less expensive shelter.

Your Committees find that additional studies on the needs of the elderly would do nothing to alleviate their immediate housing needs.

Your Committees believe that it is time to commence an elderly program. Although the Eighth Legislature, Regular Session 1976, enacted Act 224 to give priority to the increasing housing problems faced by Hawaii's elderly, this program has never been implemented due to restriction of funds.

It is the intent of your Committees that the \$5,000,000 appropriated by this bill be used by the Hawaii Housing Authority for the establishment and operation of an elderly housing program.

Your Committees have amended Section 2, paragraph 1 of the bill to provide that the Director of Finance rather than the department of accounting and general services issue general obligation bonds and that moneys yielded by such bonds shall be deposited into the Elderly Housing Fund created by Act 224, SLH 1976, and shall be expended by the Hawaii Housing Authority. Other amendments made to this paragraph are for purposes of clarity only, and are without substantive change.

Your Committees have further amended Section 2, paragraph 2, to provide that the lapsing date be extended from June 30, 1980 to June 30, 1982, to make the moneys co-extensive with Capital Improvement Program funds.

Your Committees on Housing and Youth and Elderly Affairs are in accord with the intent and purpose of H.B. No. 2186-78, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2186-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees.

SCRep. 40-78 Legislative Management

Informing the House that House Resolution Nos. 254 to 300, House Concurrent Resolution Nos. 54 to 60, and Standing Committee Report Nos. 41-78 to 43-78, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 41-78 Housing on H.B. No. 1921-78

The purpose of this bill is to clarify the legislative intent behind Chapter III, Hawaii Revised Statutes, by explicitly stating that compensation for persons displaced by State or county government action is to be paid only when such persons are lawfully residing on or lawfully occupying real property. The phrase "lawfully residing on or lawfully occupying" was not intended to include those persons who are trespassers or squatters.

Testimony received from the Office of the Attorney General indicated that the bill is necessary to clarify the original legislative intent. Squatters and trespassers are demanding compensation under the present Chapter III, Hawaii Revised Statutes on the grounds that they are not specifically excluded from receiving funds.

Your Committee finds that H.B. No. 1921-78 does not amend Chapter III, Hawaii Revised Statutes, but merely clarifies the original legislative intent. Your Committee further finds that this clarification is necessary to prevent abuse.

Your Committee further finds that H.B. No. 1921-78, as it does clarify the original legislative intent, is applicable retroactively.

Your Committee has amended page 4, line 5 of the bill to specifically exclude from the definition of "displaced person" any person who is conducting any unlawful activity upon any real property. Your Committee believes that this amendment is necessary to conform to the legislative intent that persons engaging in unlawful activity, as well as persons unlawfully occupying property, should be barred from compensation.

The Office of the Attorney General testified that the "unlawful activity" provision would not affect those businesses which, although in violation of current county ordinances, were in operation prior to the date of those ordinances and are therefore permitted.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 1921-78 as herein amended, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1921-78, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representative Baker.

SCRep. 42-78 Housing on H.B. No. 2054-78

The purpose of this bill is to require the tenant, in any legal dispute over the payment or nonpayment of rent, to pay into a special fund any rent as it becomes due.

Your Committee finds that this bill would give Hawaii's courts the power, in any lawsuit where the payment or nonpayment of rent is an issue, to order at the request of either party that the tenant make rental payments into a fund. When a final decision about the rent has been reached, the rental moneys in the fund will be paid by the court. The bill also provides that if a tenant does not have the money available to pay rent due into the fund, the tenant will not be permitted to claim a lawful withholding or deduction of rent. Payment into the fund, however, is not an admission of nonpayment or wrongful withholding, but is an expression of good faith on the part of the tenant. Thus, a tenant who does pay into the fund can still allege prior payment or proper grounds for withholding or deducting rent. Furthermore, the bill permits the court to order interest to be paid on the rent due if it determines that the issue of nonpayment was raised in bad faith by either party.

At the present time, if a dispute regarding the payment or nonpayment of rent arises and the tenant refuses to pay all rents, a landlord has no recourse but to commence lengthy eviction proceedings. However, eviction proceedings will not compensate the landlord for the rent accrued while the tenant was in possession.

Your Committee believes that the present system can create great hardships for landlords, while permitting tenants to unlawfully avoid full or partial payment of rent.

Your Committee believes that this bill will protect tenants' rights to assert payment or lawful grounds for nonpayment, while protecting the landlord's right to receive rents rightfully due.

Your Committee has amended p. 2, lines 20-23 of the bill to make more explicit the legislative intent that a tenant not be required to put money into the special fund if there is a prior written agreement between the landlord and tenant stating that the tenant does not have to pay rent.

Your Committee has further amended p. 2, lines 23-25 and page 3, line 1, for purposes of clarification only, and without making any substantive change.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 2054-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2054-78, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representative Baker.

SCRep. 43-78 Health on H.B. No. 1830-78

The purpose of this bill is to provide preventive methods through health education media in the areas of nutrition, alcoholism, drug abuse and venereal disease.

Your committee finds that there is a need for additional media resources in order to provide for early prevention and to educate students in the areas of nutrition, alcoholism, drug abuse and venereal disease. The State of Hawaii expends approximately \$276,000 for venereal disease, \$94,000 for nutritional services, and \$1,400,000 for alcohol and drug abuse annually.

Your committee recognizes that by providing students with adequate knowledge in health areas, the cost of providing treatment services could be reduced.

Therefore your committee requests that \$10,000 be provided to expand the health visual media resources. These funds will be expended by the Department of Education. Your committee recommends an amendment for the purpose of appropriating additional funds necessary to carry out the purposes of this Act. Such amendment would be as follows:

"(a) SECTION 1. There is appropriated out of the general revenues of the State of Hawaii the sum of \$10,000 or so much thereof as may be necessary, to provide preventive methods in the areas of nutrition, alcoholism, drug abuse, and venereal disease through health education media resources.

Your Committee on Health is in accord with the intent and purpose of H. B. No. 1830-78 as amended herein, and recommends that it be referred to the Committee on Education in the form attached hereto as H. B. No. 1830-78, H.D. 1.

Signed by all members of the Committee except Representative Baker.

SCRep. 44-78 Legislative Management

Informing the House that House Bill Nos. 2880-78 and 2881-78, House Resolution Nos. 301 to 304, House Concurrent Resolution Nos. 61 and 62, and Standing Committee Report Nos. 45-78 to 51-78, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 45-78 Employment Opportunities and Labor Relations on H.B. No. 1954-78

The purpose of this bill is to amend Section 372-3, Hawaii Revised Statutes, to conform with federal Title 29 CFR 29 and to seek out new apprenticeable occupations by removing the requirement for 4000 hours of training and replacing it with a requirement of 12 months or 2000 hours.

The Federal Committee on Apprenticeship, U.S. Department of Labor, adopted Title 29 CFR 29 effective February 18, 1977. Hawaii has been granted an extension by the DOL on the deadline to October, 1978. A term of apprenticeship of not less than 2000 hours of work experience was established under the "Standards of Apprenticeship", which conflicts with the present provision in the HRS for a minimum term of 4000 hours. Adoption of the reduced term is a requirement necessary to obtain continued recognition by the Federal Bureau of Apprenticeship and Training as the appropriate state agency for registering local apprenticeship programs for certain federal purposes. The words "12 months" have been added to accommodate those industries that desire the monthly system over the hourly one.

In order to expand the apprenticeship system into nontraditional occupations, less work process time may be required in the fields of health, energy, environment and industries other than construction. The reduction of the minimum hours under apprenticeship from 4000 to 2000 hours will have no effect on the currently registered programs.

Your Committee agrees that it is necessary that state law keep pace with related federal standards so that continued federal recognition is assured.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.B. No. 1954, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 46-78 Youth and Elderly Affairs on H.R. No. 33

The purpose of this resolution is to request the Office of Children and Youth to study and assess the need for after-school programs for school-aged children, to determine the extent and nature of the need, and to study the appropriateness of after-school programs as a solution to the needs of children and their families. The Departments of Education, and Social Services and Housing are requested to cooperate with the Office of Children and Youth which is requested to submit a report of its findings and recommendations to the legislature prior to the convening of the Regular Session of 1979.

Your Committee realizes that there is a need to provide a variety of after-school programs which would provide school aged children with a variety of activities to participate in during after-school hours. Your Committee supports the resolution as a positive step toward assessing the appropriateness of after-school programs as a solution to the needs of children and their families.

Your Committee on Youth and Elderly Affairs concurs with the intent and purpose of H.R. No. 33 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Baker.

SCRep. 47-78 Youth and Elderly Affairs on H.B. No. 1887-78

The purpose of this Act is to transfer the authority embodied in Section 298-12, Hawaii Revised Statutes, from the district courts to the family courts in the matter of school absenteeism.

The family courts heretofore have had jurisdiction only in instances of school absenteeism where the child is responsible for his/her non-attendance of school. Judges of the family court have discovered more and more, however, that parents and guardians are directly responsible for the child's non-attendance or have failed to exercise the proper diligence to enforce the child's regular attendance at school. In these instances the family courts have encountered problems in presiding over these cases as authority over school-absenteeism directly attributable to parents and guardians of absent students rests with the district courts at present.

Your Committee is in agreement that it would be more appropriate to transfer the authority embodied in Section 298-12, Hawaii Revised Statutes from the district courts to the family courts where all matters relating to school-absenteeism can be dealt with more effectively. Testimony presented by the Judiciary indicates that they are in accord with the feelings of the Committee.

Your Committee on Youth and Elderly Affairs is in accord with the intent and purpose of H.B. No. 1887-78 and recommends that it pass Second Reading and be referred to the Judiciary Committee.

Signed by all members of the Committee except Representative Baker.

SCRep. 48-78 Youth and Elderly Affairs on H.B. No. 1838-78

The purpose of this bill is to make a class "A" felony offense, the act of promoting pornography involving minors.

The production and promoting of child pornography has become a problem of national dimensions. Until very recently pornographic materials involving minors were almost exclusively imported in the United States from abroad. However, large scale production of such materials is now being done throughout the United States.

As in other states, this poses a serious threat to the well-being of our State's children. Your Committee believes that the exploitation of youngsters in the production of pornographic materials can have serious and long lasting psychological and physical impacts on the youngsters themselves, and every effort must be made to prevent this from taking place.

At present there is no Hawaii state statute which addresses itself to the issue of child pornography, that is pornography involving the use of minors in pornographic material or performances. Section 712-1215, Hawaii Revised Statutes, makes it an offense to disseminate or show pornography to minors but does not deal with the use of minors in the production of pornographic material.

Your Committee believes that H.B. No. 1838-78 which utilizes guidelines set forth in the "Protection of Children From Sexual Exploitation Act of 1977", recently passed by the Federal government, merits serious consideration for adoption.

Testimony received from the Department of Social Services and Housing, the Honolulu Police Department, and the Chamber of Commerce of Hawaii expressed the concern of these groups over the lack of laws covering the promotion of pornography involving minors, and their support of H.B. No. 1838 as a measure to correct this deficiency.

Your Committee on Youth and Elderly Affairs is in accord with the intent and purpose of H.B. No. 1838 and recommends that it pass Second Reading and be referred to the Judiciary Committee.

Signed by all members of the Committee except Representative Baker.

SCRep. 49-78 Water, Land Use, Development and Hawaiian Homes on
H.B. No. 2022-78

The purpose of this bill is to propose the enabling legislation for the purpose of implementing an effective dam safety program to identify conditions which threaten the public safety and to allow the correction of these conditions in a timely manner.

Rather than initiate a program which will establish a new office to handle the program of dam safety, it is preferred to establish the dam safety program at the County level where programs of a similar nature are already existing. The dam safety program can be better handled by the counties with a minimum requirement for additional funding and personnel.

The bill has been amended by revising the definition of "dam" to conform to the definition used in Public Law 92-367 and enables the regulating agency to concentrate on those dams which can create a potential hazard. Dams outside of the definition are not considered to be a danger to human life or property.

The limitation of enactment of ordinances has been changed from one to two years because the preparation and enactment of ordinances of this type requires careful thought and the administrative procedures which allow for input from the general public may require additional changes before the ordinances can be enacted.

The period to develop adequate guidelines for ordinances to implement the program of dam safety has been changed to 180 days, instead of 90. Your Committee felt that 90 days is too short a period to develop adequate guidelines.

Your Committee on Water, Land Use, Development and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 2022-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2022-78, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 50-78 Water, Land Use, Development and Hawaiian Homes and
Agriculture on H.C.R. No. 26

The purpose of this Concurrent Resolution urges the Board of Land and Natural Resources to employ methods of agricultural land disposition other than public auction which will best support the State's agricultural economy and objectives.

The disposition of State agricultural lands through public auction has in recent years attracted spirited bidding, resulting in several cases where lease rentals have ended up far in excess of the returns possible from agricultural use of those lands.

Your Committees feel that if it is the objective of the State to strengthen and develop its agricultural industries, then the placing of agricultural lands in the user's hands should be at rental rates that will give the entrepreneur a reasonable chance to succeed.

Public lands for agricultural purposes should not be used to generate rental income. Rather, such lands should be used primarily for the production of agricultural commodities.

Your Committees feel that this Concurrent Resolution will promote the selective growth

management strategy, "increase self-sufficiency in agriculture," and will enhance the growth management program objective of promoting stable economic growth by diversifying the economic base.

Your Committees on Water, Land Use, Development and Hawaiian Homes, and Agriculture, concur with the intent and purpose of H.C.R. No. 26, and recommend its adoption.

Signed by all members of the Committees.

SCRep. 51-78 Water, Land Use, Development and Hawaiian Homes and
Education on H.R. No. 253

The purpose of this Resolution is to request the United States Senate Select Committee on Indian Affairs to act favorably on proposals to assist native Hawaiians.

Your Joint Committees find that the United States Senate Select Committee on Indian Affairs, chaired by the Honorable Senator James Abourezk of South Dakota, is holding hearings in Hawaii on February 13, 14, and 15, 1978, to obtain public input on proposed legislation to assist native Hawaiians. The focus of the hearings will be on the broad issues of our country's policy regarding the native Hawaiians, including the social and economic policies beyond the issue of reparations.

Your Joint Committees further find that pending federal legislation which would provide economic and social assistance to native Hawaiians with a large portion of the assistance intended for education, has been introduced by Senator Daniel K. Inouye and Senator Spark Matsunaga and calls for the inclusion of native Hawaiians in programs already enacted for the assistance of American Indians.

The U. S. Department of Health, Education and Welfare's legal counsel has supported the argument that native Hawaiians cannot legally be excluded from programs for the American Indians and Alaskan Eskimos. This legal opinion buttresses the claim that native Hawaiians need special assistance and ought to receive it also, since the circumstances under which their aboriginal rights were abrogated and their current social and economic standing evolved are similar to that of the American Indians.

Your Joint Committees have heard testimonies from Hawaiian organizations, such as Alu Like and Kamehameha Schools, that are supportive of the efforts to assist native Hawaiians.

Your Joint Committees further find that since the United States Senate Select Committee on Indian Affairs is responsible to obtain public input on proposed legislation to assist native Hawaiians and will report its findings to the United States Senate, current efforts to support the claims of native Hawaiians should be addressed to the Senate Select Committee.

Your Joint Committees on Water, Land Use, Development and Hawaiian Homes and Education are in accord with the intent and purpose of H.R. No. 253 and recommends its adoption.

Signed by all members of the Committees except Representatives Garcia, Larsen, Lunasco, Naito and Fong.

SCRep. 52-78 Legislative Management

Informing the House that House Resolution Nos. 305 to 308 and Standing Committee Report Nos. 53-78 and 54-78, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 53-78 Ecology and Environmental Protection on H.B. No. 2352-78

The purpose of this Act is to allow counties to designate sites for disposition of solid wastes, and to provide resource recovery facilities with a secure source of solid waste.

Your Committee finds that methods now exist to process and dispose of solid wastes and recover resources. However, inability to assure delivery of the required minimum tonnage to a resource recovery facility would result in higher disposal costs. This

can be avoided by providing for county control of all solid waste disposal.

Your Committee on Ecology and Environmental Protection is in accord with the intent and purpose of H.B. 2352 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 54-78 Ecology and Environmental Protection on S.B. No. 1342

The purpose of this Act is to permit pollution control bond funding for resource recovery projects.

Your Committee finds that pollution control bond funding will allow a private corporation to finance the cost of a resource recovery facility with tax exempt bonds. This enables a combination of tax-exempt financing and private ownership which takes advantage of both lower interest rates and Federal tax benefits available only to the private sector.

Your Committee finds that S.B. No. 1342 is a short form bill and recommends the following amendments:

- (a) Section 1 is amended by changing the purpose clause to reflect the intent to permit pollution control bond funding for resource recovery project.
- (b) Section 2 is amended by adding a new chapter to the Hawaii Revised Statutes to be appropriately designated and to include the following:
 - (1) A section on definitions.
 - (2) A section on powers which authorizes political subdivisions to acquire, construct, install, or modify pollution control projects, issue revenue bonds and disburse the proceeds, sell a pollution control project, encumber any part of the revenues and receipts derived by the political subdivision from use, mortgage any part of the interest of the political subdivision, and take possession of a project upon breach or default by a project party.
 - (3) A section which exempts any pollution control project, and the right, title, and interest of the political subdivision from all State, County, and Municipal taxation.
 - (4) A section on findings and determinations which states that the political subdivision shall not undertake any project without first determining that the person with whom it is to enter into the project agreement is a responsible party, and that the political subdivision has sufficient control of the project while revenue bonds are outstanding.
 - (5) A section on project agreement in which any agreement entered into by the political subdivision shall contain provisions obligating the project party to pay all costs incurred by the political subdivision.
 - (6) A section on project revenue bonds which lists provisions under which the bonds may be issued.
 - (7) A section on transactions for utility services which states that the disposal of solid waste by the political subdivision or project party is the provision of a utility service.
 - (8) A section on liquidated damages in which any contract for the provision of utility services or commodities, and any project agreement may provide for the payment of liquidated damages.
 - (9) A section which leaves the sale and interest rates of revenue bonds to the determination of the political subdivision.

Your Committee on Ecology and Environmental Protection is in accord with the intent and purpose of S.B. No. 1342, as amended herein, and recommends that it pass Second

Reading in the form attached hereto as S.B. No. 1342, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 55-78 Legislative Management

Informing the House that House Resolution Nos. 309 to 312, House Concurrent Resolution Nos. 63 and 64, Standing Committee Report Nos. 56-78 to 76-78, and Special Committee Report No. 6, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 56-78 Energy and Transportation on H.B. No. 2166-78

The purpose of this bill is to provide for the transfer of the functions of the Energy Resources Coordinator from the Office of the Governor to the Department of Planning and Economic Development. Testimony from both the public and private sectors of the community support passage of this act as beneficial to the people of Hawaii.

At the present time the Energy Resources Coordinator lacks rule-making powers as defined in the Administrative Procedure Act (Chapter 91, Hawaii Revised Statutes). Accordingly, this Act has been amended by adding an appropriate section to provide the Energy Resources Coordinator with these powers.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 2166-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2166-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Cobb.

SCRep. 57-78 Ecology and Environmental Protection on S.B. No. 350

The purpose of this Act is to create a board of certification of wastewater treatment plant operators.

Your Committee has amended S.B. No. 350, S.D. 2, line 21 on page 3 by adding a clause exempting oil refineries and sugar mills provided that the waste streams do not contain domestic sewage and are not discharged into a municipal system.

Your Committee on Ecology and Environmental Protection is in accord with the intent and purpose of S.B. No. 350, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 350, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 58-78 Energy and Transportation on H.B. No. 2102-78 (Majority)

The purpose of this bill is to correct inequities in the state motor vehicle registration fee and the state motor vehicle weight tax. The bill establishes a uniform collection system; brings provisions for exemptions, prorations, credits and refunds into conformity with county regulations; provides penalties for non-payment and delinquent payment and provides a readily visible identification method for enforcement.

The existing law was enacted in 1977 for the purpose of establishing a more stable source of revenue, consistent with energy conservation objectives, for the highway fund. However the existing law has proved not only burdensome and inequitable but difficult to enforce as well. It is not properly consistent with the provisions of the County Vehicular Taxes in providing a tax differential for fractions of a year, refunds for vehicles removed from the state and junked vehicles, and exemptions for stored vehicles. The existing law also omits provisions for penalties for non-payment and delinquent payment.

Your committee has amended this bill to include provisions for reasonable compensation

to the counties for costs incurred in the collection of the state motor vehicle registration fee and weight tax and to establish a more equitable application of the gross weight fee. Your Committee finds that by amending the existing law, the collection of the state motor vehicle registration fee and weight tax can be achieved in a more timely, efficient and equitable manner.

Your Committee finds that under the existing law the counties must collect and remit the state fees and taxes without reimbursement for the administrative costs incurred. Accordingly, your committee has amended section 3 of the bill to provide reasonable compensation to the counties for each motor vehicle processed for payment of the state motor vehicle registration fee and weight tax. Counties may withhold such compensation from the monies collected.

Finally, your committee finds that the existing law has created inequities in that some owners of motor carriers are paying neither the state motor vehicle weight tax nor the gross weight fee, while others are required to pay both. The inequities occur because motor vehicles equal to or greater than 6,000 pounds net weight are exempt from paying the weight tax while at the same time non-passenger carrying motor carriers whose gross weight is equal to or less than 10,000 pounds are exempt from paying the gross weight fee. To prevent the unfair application of these fees, your committee has amended section 4 of the bill to allow motor carriers a credit against the gross weight fee when the state vehicle weight tax has already been assessed. The credit would be an amount equal to the lesser of the weight tax or the gross weight fee and would take effect on January 1, 1979.

For purposes of consistency, your committee also recommends that sections 4 and 5 of the bill be changed to sections 5 and 6, respectively.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 2102-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2102-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Cobb.
(Representative Abercrombie did not concur.)

SCRep. 59-78 Tourism on H.R. No. 19

The purpose of this resolution requests the City and County of Honolulu to report to the Legislature on their progress in dealing with the problems caused by tour buses prior to the adjournment of the 1978 legislative session.

Your Committee, after holding a public hearing to review this problem, has decided that the scope of the requested report should be broadened to include, but not limited to, government and privately owned buses, refuse trucks, and all other vehicles under the jurisdiction of the Public Utilities Commission.

Your Committee recognizes that this is not only a "tour bus" problem, but rather, a composite of concerns that has focused its attention on one factor - the tour buses. Therefore, all factors that may attribute to this problem should be involved in helping to find the best suitable solution.

Your Committee strongly feels that this problem should have been handled by the correct government agency in charge of handling noise pollution and strongly recommends that it do so without further delay.

Your Committee has amended this resolution to include the Public Utilities Commission along with the City and County of Honolulu in dealing and resolving this problem.

Your Committee has further amended this resolution on the reporting date of the progress report so that it may have sufficient time for review and official action if needed.

Your Committee on Tourism concurs with the intent and purpose of H.R. No. 19, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 19, H.D. 1.

Signed by all members of the Committee except Representatives
Cayetano and Medeiros.

SCRep. 60-78

Employment Opportunities and Labor Relations on H.B. No. 1805-78

The purpose of this bill is to establish a training program designed to help the unemployed and underemployed individual by providing additional job training, retraining and upgrading skills as a substitute for or supplement to the income maintenance or unemployment insurance activities of the state.

Your Committee agrees with the testimony presented that the training program target individuals who are exhaustees of unemployment insurance and have no other means of support other than general assistance.

Your Committee has amended the bill to specify that the funds appropriated be used to provide additional skill training programs under Chapter 394, Hawaii Revised Statutes for individuals who are not covered by the Federal Comprehensive Employment and Training Act. The bill was also amended by rephrasing subparagraph (3) on page 2 to provide for retraining of the unemployed with education and skills which have declined in need and which do not offer prospects for future use.

Your Committee has appropriated \$200,000 to be expended for the purposes of this bill.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.B. No. 180578 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 180578, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 61-78

Agriculture on H.B. No. 1864-78

The purpose of this bill is to support the coordination of agricultural activities throughout the State by facilitating the efforts of Federal, State, and County agencies and industry in solving complex inter-agency problems relating to agricultural parks, agricultural production, irrigation water, transportation system, market development, and cooperative associations.

Your Committee feels this bill can be the vehicle for analysis of compiled data on all state agricultural and related programs and of applicable statutes, rules and regulations. A critical assessment can then be made to determine the usefulness of each activity in meeting the current problems, needs and priorities of agriculture.

Your Committee has amended this bill by providing an appropriation of \$250,000 to be expended in fiscal year 1978-79.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 1864-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1864-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 62-78

Agriculture on H.B. No. 1863-78

The purpose of this bill is to assist agricultural cooperatives by developing effective marketing programs through research to develop efficient shipping containers, means of storage and handling of perishable commodities; standardization of packaging and products, particularly for export purposes; market intelligence and market research and to develop a coordinated promotion program for agricultural products.

Your Committee has amended this bill by providing an appropriation of \$100,000 to be expended in fiscal year 1978-79.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 1863-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1863-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 63-78 Agriculture on H.B. No. 1866-78

The purpose of this bill is to promote the development of agricultural cooperatives, including financial, management and research assistance.

Your Committee finds the collective actions among and within many of the forty agricultural cooperative associations organized under Chapter 421, Hawaii Revised Statutes, are generally ineffective in coping with agribusiness problems and practices. This is reflected in poor understanding of and appreciation for the role of cooperatives, inadequately trained or weak managers and boards of directors, small memberships resulting in limited volumes, unwillingness to merge with other cooperatives handling identical or similar products and fragmented marketing practices resulting in less than optimal returns to members.

Your Committee believes that the formation and maintenance of effective agricultural cooperative associations are important keys to the orderly growth of diversified agriculture in the State. Adequately financed, properly managed, large volume cooperatives should markedly improve our farmers' cooperative edge in the local and export markets.

Your Committee has amended this bill by providing an appropriation of \$100,000 to be expended in fiscal year 1978-79.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 1866-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1866-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 64-78 Agriculture and Energy and Transportation on H.B. No. 1865-78

The purpose of this bill is to provide government support to provide for the survival of the Hawaii agricultural industry by developing criteria for an integrated transportation system which will allow Hawaii farmers to export their produce on a competitive basis between islands, to the mainland and world markets.

The 1977 session of the Legislature approved a bill appropriating \$50,000 for a study to determine the extent of future needs for government support for the development of packing and shipping methods and holding and distribution facilities in Hawaii and the mainland and the support required from the private sector.

Your Committees regret that the administration failed to recognize the critical need for such a study which would provide guidelines for the development of an economically sound agricultural program.

Your Committees have amended this bill to provide \$50,000 for fiscal year 1978-79 to fund the needed study of the transportation system for Hawaiian agricultural commodities.

Your Committees on Agriculture, and Energy and Transportation are in accord with the intent and purpose of H.B. No. 1865-78, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1865-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 65-78 Culture and the Arts on H. B. No. 2427-78

The purpose of this bill is to provide \$100,000 for the site selection, planning, and construction of a Hawaii Sports hall of fame.

Your Committee on Culture and the Arts is in accord with the intent and purpose of H.B. No. 2427-78 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 66-78 Culture and the Arts on H.B. No. 2496-78

The purpose of this bill is to amend Section 8-1, of the Hawaii Revised Statutes relating

to designated holidays as proper tribute to Hawai'i's monarch.

Your Committee is in accord with the intent and purpose of H.B. No. 2496-78 and recommends that it pass Second Reading and be referred to the Committee on Public Employment and Government Operations.

Signed by all members of the Committee.

SCRep. 67-78 Higher Education on H.B. No. 2258-78

The purpose of the Bill is to provide funds for 1) the continuation of current services of the Continuing Education for Women (CEW) program of the College of Continuing Education of the University of Hawaii at Manoa and 2) the establishment and, thereby, expansion of these services to the community colleges on Kauai, Maui, and Oahu, as well as to the University of Hawaii at Hilo.

For the FY 1977-78, CEW was funded through a supplemental appropriation allotment of \$32,512. Funds, however, were not provided for FY 1978-79.

As CEW is the only program in the State which offers assistance for educational and career planning to adults not currently enrolled in an educational program, your Committee finds it important that this program be allowed to continue its services. CEW has assisted both young and mature women, displaced homemakers, etc., to find opportunities to further their education and vocational aspirations and to acquire roles in society that may be more productive and self-enriching.

Your Committee finds that, as the bulk of the clientele are poor women anxious to improve their status in life and not necessarily women of the affluent middle-class, the program serves a dual role, and, therefore, is of long-term benefit not only for the women themselves but for the State of Hawaii.

Your Committee, in support of the program, recommends an amendment for the purpose of appropriating funds by inserting the amount of \$74,347 in Section 1. This amount includes \$34,021, which will be used for the system-wide expansion of CEW within the University of Hawaii structure. It is essential if the expansion is to be at all effective.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 2258-78 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2258-78, H.D. 1 and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 68-78 Higher Education on H.B. No. 2475-78

The purpose of the bill is to assist the continued operation as well as expansion of the women's intercollegiate athletics program for the FY 1978-79 by providing a supplemental appropriation from the general fund of the State of Hawaii.

Without this funding, the University of Hawaii would not be in compliance with Title IX of the Educational Amendments of 1972, which calls for prohibition of sexual discrimination and promoting of equal opportunity without regard to sex in federally-assisted programs. Further, this funding is necessary for developing further the women's intercollegiate athletic program to a level comparable to the men's intercollegiate athletic program, which has been showing solid growth over the past few years.

For the present fiscal year, the University of Hawaii has allotted as planned expenditure the sum of \$125,000 to the women's athletic program. Your Committee finds it of extreme importance to hasten the development of the women's intercollegiate athletic program and, in support of this development recommends, an amendment for the purpose of appropriating funds by inserting the amount of \$231,250 in lieu of \$131,250 in Section 1. This additional amount of \$100,000 will be used for program expansion above the \$131,250 which is allotted for basic operational costs to continue the existing program.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. 2475-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2475-78, H.D. 1 and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 69-78 Higher Education on H.B. No. 2473-78 (Majority)

The purpose of this Bill is to appropriate \$250,000 to augment the library services budget. This appropriation would be used to provide the required staffing of Hamilton Library Phase II, continued automation of library operations, library acquisitions and equipment replacement.

Budget restrictions in the past years at the University of Hawaii have adversely affected the development of library facilities and services at the University. By most statistical standards of the Association of Research Libraries, Manoa Campus, which provides system-wide library services, has an average ranking. Manoa's Sinclair and Hamilton Libraries fall short of the standards for volume holdings acquisition rate and staffing. While the 78-79 supplemental budget request does include an \$85,000 appropriation for library acquisition, your Committee feels that additional funds are necessary if we are to provide decent library services for our growing university system.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 2473-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Aki.
(Representative Abercrombie did not concur).

SCRep. 70-78 Higher Education on H.B. No. 2370-78

The purpose of this Bill is to provide \$150,000 as a supplemental appropriation for the continued but expanding operation during FY 1978-79 of the Center for Labor Education and Research (CLEAR) at the University of Hawaii.

In recognition of the significant contributions of organized labor to the social, political and economic development of the State, CLEAR was established by Act 202, Session Laws of Hawaii, 1976. The development of the Center, however, was delayed because of the executive administration's failure to release legislative appropriations made in 1976. Consequently, the 1977 Legislature reappropriated funds totalling \$200,000 for the operation of CLEAR during FY 1977-78. CLEAR, then, was finally able to begin, but modestly, its program development activities with the release of \$100,000, or one-half, of this amount for this fiscal year. Your Committee finds, however, that funds for CLEAR were not included in the executive supplemental budget request for FY 1978-79.

It is the intent of your Committee that CLEAR be a permanent, on-going program at the University of Hawaii. Therefore while a supplemental appropriation for the FY 1978-79 is being provided through this bill, the University is directed to include operating funds for CLEAR in its executive budget request for the next fiscal biennium.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 2370-78 and recommends that it pass second reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 71-78 Higher Education and Agriculture on H.B. No. 1801-78

The purpose of this Bill is to establish a joint venture alternative crops research program involving the public and private sectors of the Hawaiian economy.

The program is important because it will investigate the potential available and the feasibility thereof in exploiting this vast area of "alternative crops": fruits, vegetables, feed and forage, flowers, aquacultural and oil crops. The implications are that this research will explore not only the question of local consumption, but of export possibilities, thus creating new major industries for Hawaii.

Your Committees, believing the value of this program beneficial and worthy of encouragement, recommend an amendment for the purpose of appropriating funds by inserting the

amount of \$100,000 in Section 1.

Further as private industry and non-University public sectors are expected to be involved in this research, your Committees believe that these funds should be expended by an agency outside of the University of Hawaii and recommends that Section 2 be amended to read "the Governor's Agriculture Coordinating Committee" in place of "the University of Hawaii".

Your Committee on Higher Education and your Committee on Agriculture are in accord with the intent and purpose of H.B. No. 1801-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1801-78, H.D. 1 and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Caldito, Lunasco and Fong.

SCRep. 72-78 Higher Education and Ocean and Marine Resources on
H.B. No. 2369-78

The purpose of this Act is to ensure continued support for the Marine Options Program.

The University of Hawaii Marine Option Program is an undergraduate marine education program with branches on the UH Manoa, UH Hilo, Windward Community College, and Honolulu Community College campuses. The Marine Option Program is a long-range program designed to encourage the undergraduate student to acquire knowledge in a marine field. Students from thirty-five majors, including art, biology, and business, are currently enrolled in the program.

Your Committees have received extensive testimony from Marine Option Program students and graduates highlighting the success of the program in terms of giving students an ocean perspective making it possible for them to gain "hands-on" experience while working on marine-related projects and motivating them to continue their interest after graduation. Although not a vocational program, the Marine Option Program enables its students to acquire marine skills, an opportunity not otherwise available through lecture courses.

Your Committees find that among the prominent contributions of the Marine Option Program to marine affairs in Hawaii are:

1. the construction of a seawater intake pipeline for the Pacific Biomedical Research Center laboratory in 1972;
2. A 1972 baseline study prior to the construction of the Mokapu sewer outfall;
3. A 1973 baseline study of an artificial reef in Pokai Bay;
4. In 1974, assistance in a study of potential marine park sites on Oahu and Hawaii;
5. A 1974 baseline study on Papohaku, Molokai, followed by a more elaborate study in 1976, and commitment for a final study in 1978;
6. A 1974 Hilo MOPers' survey of offshore sand deposits off the Kona coast;
7. A 1975 survey of selected sites on Kauai for their potential as marine parks;
8. A 1976 survey of Molokini Island and Honolua Bay, Maui;
9. In 1976, the development of student-taught courses in Hawaiian reef fish and Hawaiian limu. In 1977 the Hawaiian reef fish course was offered through the UH College of Continuing Education and Community Service. The limu course is currently being offered in cooperation with the Waikiki Aquarium and the Department of Education for in-service training of teachers. MOP students are the instructors for both.

Your Committees find that the University of Hawaii and the Marine Option Program have received national recognition in August 1977 when the temporary Assistant for Curriculum Development was elected President-Elect of the National Marine Education Association, largely due to the strength of the Marine Option Program.

Your Committees find that in spite of the outstanding performance of the Marine Option Program, funding is still unclear. Provisions for the 1978-79 fiscal year have not been made. UH Manoa included funds for the program in the Regents' budget recommended to the Office of the Governor, however, these funds were deleted when the University's total supplemental request was reduced.

Your Committees find that there is a good possibility of partial Sea Grant support,

but this is conditional on State matching funds and the University's recognition and support of the program. Thus, without an appropriation this year, the Marine Option Program would be caught between a constrained University of Hawaii budget and federal expectations that the University will fund the program on a solid basis.

Your Committees recommend an amendment for the purpose of slightly increasing the amount appropriated from \$35,910 to \$40,000.

Your Committees on Higher Education and Ocean and Marine Resources are in accord with the intent and purpose of H.B. 2369-78, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. 2369-78, H.D. 1, and be referred to your Committee on Finance.

Signed by all members of the Committee except Representatives Caldito, Lunasco, Morioka and Fong.

SCRep. 73-78 Housing on H.B. No. 2266-78

The purpose of this bill is to appropriate the sum of \$18,000 in order to construct enclosures for the water heaters at the David Malo Circle Housing Project in Lahaina, Maui.

Your Committee finds that, without the enclosures, the water heaters will be subject to rust, since they are located outside of the housing units and are unprotected from the elements. The enclosures will protect the water heaters and prevent the formation of rust, thereby reducing maintenance and replacement costs. An added benefit of the enclosures is that they will act as "thermal jackets" for the water heaters, curtailing heat loss and thus reducing overall energy costs.

Your Committee has amended section 2, lines 2 and 3 of the bill to provide that the Hawaii Housing Authority, rather than the Department of Social Services and Housing, be the expending agency.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 2266-78 as amended herein, and recommends that it pass Second Reading as H.B. No. 2266-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Baker.

SCRep. 74-78 Youth and Elderly Affairs on H.B. No. 1840-78

The purpose of this bill is to provide for an effective and adequate program of prevention and treatment for child abuse and neglect.

Your Committee believes that the area of child abuse and neglect requires particular attention and that preventive and follow-up services, as well as treatment should receive equal emphasis in this area. Serious physical and emotional damage which result from child abuse and neglect, and its documentation as a cyclical problem in which abusive parents often are found to have been themselves victims of abuse as children, warrant program emphasis on preventive as well as treatment services.

Your Committee finds that intervention in instances of potential abuse can break the cycle of child abuse and prevent such abuse from occurring. Therefore, programs that emphasize the prevention of child abuse constitute an integral factor in minimizing child abuse and neglect.

Through the efforts of the Hawaii Family Stress Center of the Kauaikeolani Children's Hospital child abuse and neglect related services and programs have been developed on all of the islands of Maui, Hawaii, Molokai, Lanai, and Kauai. These programs are currently providing a number of related services on their respective islands, including concentrated efforts in the areas of preventive services, high risk identification screening, and follow-up on identified child abuse cases. These programs, however, are contingent upon state and federal funding.

Your Committee recognizes the need to support these programs in their efforts to develop and implement prevention programs as well as follow-up activities, and accordingly is in favor of appropriating the \$75,000 requested for their continuance.

Your Committee on Youth and Elderly Affairs is in accord with the intent and purpose of H.B. No. 1840-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Baker.

SCRep. 75-78 Youth and Elderly Affairs on H.B. No. 2157-78

The purpose of this Act is to provide an appropriation of \$58,623, or so much thereof as may be necessary, to the Hilo Interim Home on the island of Hawaii.

The Hilo Interim Home is designed to assist Hawaii County's youthful offenders and those having behavior problems in attempting to re-enter and become responsible members of the community, and to assist the residents and persons and/or agencies concerned with their welfare in working out tenable and appropriate alternatives for their future disposition.

The Home provides a high quality shelter care facility for the youth of Hawaii County requiring placement. The majority of residents at the Home are referred there by the Family Court, the Police, and the Department of Social Services and Housing.

In order to facilitate more effective administration of the Hilo Interim Home program your Committee is in agreement that the Judiciary can better serve as the expending agency for this program. To this end, your Committee recommends an amendment which would provide for the Judiciary to replace the Office of Children and Youth as the expending agency for appropriations made to the Hilo Interim Home.

Your Committee on Youth and Elderly Affairs is in accord with the intent and purpose of H.B. No. 2157-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2157-78 H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Baker.

SCRep. 76-78 Higher Education on H.B. No. 2367-78 (Majority)

The purpose of the Bill is to provide supplementary funds from the State of Hawaii for the hiring of an Assistant Pool Manager and for the maintenance and operation of the State Swimming Pool Complex at the University of Hawaii at Manoa for the FY 1978-79. The sum involved is \$51,768.

Since the State Swimming Pool Complex will be serving as a statewide facility for competitive meets with increased public usage as well, the proposed position of the Assistant Pool Manager will be needed for usage coordination, evenings and weekend supervision, maintenance and assignment of safety personnel, equipment and supplies. Further, funds for these additional lifeguards, equipment and supplies will be especially needed as this represents a transition from a one pool set-up to a two-pool complex.

Your Committee finds that appropriate monies are indeed needed to provide for adequate supervision, maintenance and operation of the new complex and recommends that the appropriation be made.

Your Committee on Higher Education, therefore, is in accord with the intent and purpose of H.B. No. 2367-78, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.
(Representative Abercrombie did not concur).

SCRep. 77-78 Legislative Management

Informing the House that House Resolution Nos. 313 to 321, House Concurrent Resolution No. 65 and Standing Committee Report Nos. 78-78 to 93-78, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 78-78

Energy and Transportation on H.B. No. 1473

The purpose of this bill is to allow the jurisdictions more discretion in the placement of signs prohibiting U-turns.

Testimony was submitted stating that mandatory placement of signs burdens the jurisdictions with an unnecessary expense.

At the present time, U-turns are expressly prohibited upon any curve, or upon the approach to or near the crest of a grade. All drivers are required to be familiar with traffic laws; therefore to mandate placement of these signs in the areas that are already noted in the law is unnecessary.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 1473 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 79-78

Energy and Transportation on S.C.R. No. 12

The purpose of this concurrent resolution is to request that the United States Congress exempt the State of Hawaii from the federal mandatory requirement of converting new and existing power plants to coal and to provide the State of Hawaii with relief from the fuel oil penalty tax and the loss of accelerated depreciation and investment tax credit on new boilers using fuel oil.

In the public hearing held by your committee on February 14, 1978, Peter Lewis, vice-president-administration of Hawaiian Electric Company, Inc., testified that the United States Senate and House joint conference committee has already agreed to grant Hawaii exemption from the Federal mandatory requirement of converting new and existing power plants to coal in recognition of the state's unique geographic location and excessive costs involved. This is a special permanent territorial exemption. He also stated that his company is not ruling out the possibility of coal conversion should it become economically feasible in the future.

H.R. 8444 before the United States Senate-House conference committee contains a provision that a penalty tax of \$1.50 per barrel of fuel oil be paid by utilities in Hawaii adjusted upward by inflation factors commencing in 1983. Mr. Lewis brought to the attention of your committee that the total tax for Hawaii's electric utilities will be in excess of \$30 million in 1983 based on escalation factor increases and estimates of 1982 fuel oil consumption. He stated that it would be contradictory to penalize Hawaii's residents with this tax designed to induce utilities to convert to coal.

On other provisions of H.R. 8444, Mr. Lewis commented that the loss of investment tax credit for all new boilers using fuel oil which are put into place after June 1977 will adversely affect Hawaiian Electric Company, costing \$1.9 million. If Hawaiian Electric is not allowed to use accelerated depreciation for its Kahe 6 plant, as provided by H.R. 8444, it would suffer a loss of \$9 million over a period of 30 years.

Your Committee on Energy and Transportation concurs with the intent and purpose of S.C.R. 12 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 80-78

Tourism on H.R. No. 24

The purpose of this resolution requests the Dean of the School of Travel Industry Management and the Chancellor of the Community Colleges to report on their respective tourist industry related education and job training programs to the Legislature prior to the adjournment of the 1978 session.

Your Committee is aware that one of the prime factors affecting the vitality of the visitor industry is the extent to which the industry can meet its specific manpower requirements.

Your Committee further recognizes the responsibility of Hawaii's educational system

to provide the number and kinds of trained personnel needed by the visitor industry.

Your Committee strongly feels that the education and training efforts of these University entities should be revised and recommendations implemented to ensure high standards of pertinent education and training programs to meet the needs of the students and the industry now and in the future.

Your Committee has amended the reporting date for reports so that it may take official action if need be before adjournment of the 1978 legislative session.

Your Committee on Tourism concurs with the intent and purpose of H.R. No. 24, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 24, H.D. 1.

Signed by all members of the Committee except Representative Medeiros.

SCRep. 81-78 Tourism on H.R. No. 20

The purpose of this resolution is to request the Department of Planning and Economic Development and the City and County of Honolulu's Department of General Planning to submit reports on the status of all projects of their respective levels of government concerning Waikiki to the Legislature prior to the adjournment of the Regular Session of 1978.

Your Committee is fully aware of the importance Waikiki serves to the State. The Legislature also recognizing this, has authorized many capitol improvement projects for its upgrading and improvement.

Your Committee is further aware that an accounting must be made of these projects to determine whether the Legislature's desire for improving Waikiki is being met.

Your Committee on Tourism concurs with the intent and purpose of H.R. No. 20 and recommends its adoption.

Signed by all members of the Committee except Representative Medeiros.

SCRep. 82-78 Tourism on H.R. No. 26 (Majority)

The purpose of this resolution requests the Hawaii Visitors Bureau, and all neighbor island tourism promotion organizations to report on their respective promotional and marketing effort during the 1977 calendar year to the Legislature prior to the adjournment of the 1978 Regular Session.

Your Committee notes that the continued preservation and prosperity of our visitor industry can only be assured by the planned and orderly development of this vital industry. One important aspect is the development of an effective statewide tourism marketing and promotion program.

Your Committee will review the efforts of the various tourist promotion organizations and strongly recommend actions to insure a coordinated and effective statewide program.

Your Committee has amended the report date to March 10th so that the committee has sufficient time for review and action.

Your Committee on Tourism concurs with the intent and purpose of H.R. No. 26, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 26, H.D. 1.

Signed by all members of the Committee.
(Representative Abercrombie did not concur).

SCRep. 83-78 Energy and Transportation on H.R. No. 69

The purpose of this House resolution is to request that the energy resources coordinator conduct a study of the feasibility of utilizing electric motor vehicles for various specialized uses in Hawaii and to submit a report of his finding and recommendations to the Legislature

prior to the convening of the Regular Session of 1979.

The Department of Planning and Economic Development testified in favor of this resolution during a public hearing of your committee on February 11, 1978. It stated that it is prepared to undertake such a study. Mention was made of the U.S. Postal Service experimentation with electric vehicles.

Representatives of the Hawaiian Electric Company discussed difficulties the company encountered in its experiments with electric vehicles.

Your Committee on Energy and Transportation concur with the intent and purpose of H.R. No. 69 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 84-78 Health on H.B. No. 1831-78

The purpose of this bill is to provide preventive methods through health education media in the areas of nutrition, alcoholism, drug abuse and venereal disease.

Your committee finds that there is a need for additional media resources in order to provide for early prevention and to educate students in the areas of nutrition, alcoholism, drug abuse and venereal disease. The State of Hawaii expends approximately \$276,000 for venereal disease, \$94,000 for nutritional services, and \$1,400,000 for alcohol and drug abuse annually.

Your committee recognizes that by providing students with adequate knowledge in health areas, the cost of providing treatment services could be reduced.

Therefore your committee requests that \$30,600 be provided to expand the health visual media resources and recommends an amendment for the purpose of appropriating funds to be used for new and replacement films, new projects and a new Sony Porta-Pack unit. Such amendment would be as follows:

"(a) SECTION 1. There is appropriated out of the general revenues of the State of Hawaii the sum of \$30,600, or so much thereof as may be necessary, to expand the health education visual media resources of the department of health, particularly in the areas of nutrition, alcoholism, drug abuse, and venereal disease.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1831-78, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 1831-78, H.D. 1.

Signed by all members of the Committee except Representative Baker.

SCRep. 85-78 Health on H.B. No. 1828-78

The purpose of this bill is to provide for the continued operation of the Sex Abuse Treatment Center through the appropriation of \$233,824 from the general revenues of the State of Hawaii through June 30, 1979.

This bill will enable the Sex Abuse Treatment Center to improve and expand its services to sexually abused victims. The Center has been in operation since October 1976. During its first year of operation, 305 victims (194 adult females and 111 males and females under 18 years of age) received help. Although the number of victims seeking help and reporting to the police has increased dramatically with the establishment of the Center, it is felt that this number still represents only the tip of the iceberg. According to national figures, between ten to twentyfive per cent of all rape and other sexual assaults are reported to the police. If this is also true in Hawaii, then it could be concluded that thousands of sexually abused victims are not reporting to the police or receiving help from the Center.

Currently, plans are underway to increase the public's awareness of the Center's services and of the myths and misconceptions which prevent many victims from seeking help. Services for adult male sexual assault victims will also be developed.

Under the present law the Sex Abuse Treatment Center provides services free of

charge to the sex abuse victims and the Honolulu Police Department for the collection of evidence.

Your committee feels that these services should be compensated for and, therefore, requests the Department of Health to research the feasibility of charging the medical insurance companies for services provided to the sexually abused victims and the City and County of Honolulu for collection of evidence. Additionally, the Department of Health is requested to investigate how the other States recover their cost of providing these related services.

Your committee is in agreement that the Department of Health will submit a report of its findings before the beginning of the next legislative session.

Your committee requests that \$233,824 be provided to continue operating the Sex Abuse Treatment Center and recommends an amendment for the purpose of appropriating the funds necessary to carry out the purpose of this Act. Such amendment would be as follows:

"(a) SECTION 1. There is appropriated out of the general revenues of the State of Hawaii the sum of \$233,824 or so much thereof as may be necessary for the Sex Abuse Treatment Center to improve and expand its services for the sex abuse victims."

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1828-78, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 1828-78, H.D. 1.

Signed by all members of the Committee except Representative Baker.

SCRep. 86-78 Health on H.B. No. 1834-78 (Majority)

The purpose of this bill is to amend the Hawaii Revised Statutes, Section 27-22, increasing the number of members on the Hospital Management Advisory Committee for each county and assign a specific number of members to each hospital. This bill defines the duties and responsibilities of the Management Advisory Committee, is designed to give stronger support to the administration and serves as an advocate for the public.

Under present law, each Hospital Management Advisory Committee has nine members. The Committee feels that Hawaii County should have fourteen members, Kauai County nine members, Maui County ten members, and the City and County of Honolulu ten members.

The Committee feels that it is essential for the Management Advisory Committee to act as a liaison between the public and County/State Hospitals on health matters pertaining to planning, construction, improvement, maintenance and operation of County/State hospitals. The Management Advisory Committee is required to meet with the Director of Health at least semi-annually and to report on its activities annually.

This bill changes the number of members and assigns a specific number of members to each hospital to allow the members to concentrate on the needs of the respective hospitals.

Your Committee recommends amendments as follows:

Page 2 and 3, Delete: "For the purposes of this section, members of any committee shall be deemed to be representing the interests of a county/state hospital if the member resides in the area served by the hospital; or, if the member is a health care provider, one who provides health care in the area served by the hospital; provided that if a hospital does not primarily serve the community in which it is located by serves an identifiable population, the members shall be representative of the interests of the population; or, if health care providers, shall be actively providing health care to the population identified."

Page 4, Delete the bracketed words and add the underscored: (1) Monitor the operations, policies, and activities of the county/state hospitals, in relation to services [,] adequacy, staffing, appropriations, administration, and other matters pertinent to the performance of hospital functions; (3) [Serve as a] Initiate public forums for the discussion of matters pertinent to the county/state hospitals, and solicit and receive the input of the consumer public as to the operations of the county/state hospitals, and, as necessary, act as a

liaison between the public and the county/state hospitals; and

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1834-78, as amended herein, and recommend that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 1834-78, H.D. 1.

Signed by all members of the Committee except Representative Baker.
(Representative Sutton did not concur).

SCRep. 87-78 Health on H.B. No. 1832-78

The purpose of this bill is to upgrade and expand emergency medical services in the rural and outlying areas to meet the emergency health needs of the State of Hawaii.

Your Committee finds that in rural areas, persons living in these districts as well as visitors visiting these districts are often removed from equipped and staffed emergency rooms in the urban areas. Saving a person's life requires sustaining that life and resuscitation if necessary for the time it takes to reach the emergency facility and receive treatment. The distance between the site of accident and hospital becomes a major factor for the care of the injured or ill person.

Therefore your Committee believes that the usage of state funds would be to establish and maintain high quality training and to continue educations program for all emergency personnel. The Island of Maui particularly was noted to have a need for additional ambulance services and for a central dispatch. There is also a need for Medicom maintenance on the neighbor islands. These services will be used to upgrade the current level of services. It is also essential that an appropriate advance life support capability be established in each of the counties.

Your Committee therefore recommends an amendment that \$250,000 be appropriated for the purposes of this Act. Such amendment would be to add \$250,000 to Section 2, line 8.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1832-78, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 183278, H.D. 1

Signed by all members of the Committee except Representative Baker.

SCRep. 88-78 Higher Education on H.B. No. 2443-78

The purpose of this Bill is to appropriate from the general revenues of the State of Hawaii the sum of \$493,000 to meet the increased minimum wage level of student help pay at the University of Hawaii for FY 1978-79.

Testimony, presented before your Committee by both the University administration and the Associated Students of the University of Hawaii, expressed strong support of this Bill. In brief, their testimonies indicated that the University, on February 1, 1978, had to increase its student help pay schedule by twenty-five cents across the board in order that their minimum wage be equal to the Federal minimum wage of \$2.65 per hour. However, as this increase was not anticipated during the preparation of the 1977-79 biennium budget, funds for this purpose were not, understandably, included in the University's budget. The testimonies also indicated that, as a result of this current wage increase, the University might be compelled to adjust to this increase through several alternatives, such as reducing student help hours, the number of student helpers and the program services. Consequently, UH students for the present fiscal year may be anticipating reductions in employment and in the quality and quantity of services. Furthermore, in view of the Federal statute which will increase the Federal minimum wage from \$2.65 to \$2.90 on January 1, 1979, and of H.B. 2320 which would subsequently increase the State's minimum wage to \$2.90 on July 1, 1979, this dilemma will undoubtedly be compounded unless supplemental funds are provided.

Your Committee, is in agreement with the University's request of \$493,000 which will accomodate both the current student help wage increase as of July 1, 1978, and the future increase anticipated in January, 1979. Therefore, your Committee recommends an amendment for the purpose of appropriating funds by inserting the amount of \$493,000 into Section 1.

Further, your Committee feels that, in this instance, the University should be commended for its efforts and genuine concern for the approximate 3,000 students currently employed throughout the various campuses.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 2443-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2443-78, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 89-78 Higher Education on H.B. No. 2229-78

The purpose of this bill is to encourage residents to join and be members of the Hawaii National Guard and of reserve components of the Army, Navy, Air Force, Marine Corps, and Coast Guard of the United States by providing tuition waivers for guardsmen and reservists attending any campus of the University of Hawaii.

Testimonies before your Committee indicated that the Hawaii National Guard and military reserves are facing the loss of much needed unit and personnel space authorizations if they are not able to recruit additional personnel to maintain authorized strength. Economically, a reduction in units or personnel spaces could have an impact on the income to the State through the loss of federal pay which guard and reserve members receive for participation and training and, even worse, the loss of full-time technician jobs which are federally funded. Presently, there are 21 states in the union which provide similar kinds of educational assistance program and your Committee feels that the incentive of a tuition waiver would greatly aid the recruitment efforts of the National Guard and military reserves.

Your Committee has amended this bill to extend the benefit to company or junior grade officers and part-time students who are working toward a degree. In addition, a technical amendment was made to make clear that the waiver do not apply to courses offered by self-supporting continuing education and community service and summer session programs.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 2229-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2229-78, H.D. 1 and be referred to the Committee on Finance.

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

SCRep. 90-78 Public Assistance and Human Services on H.B. No. 1796-78

The purpose of this bill is to appropriate \$25,000 from the general fund for the continued operation of the nursing home ombudsman program.

Currently, the nursing home ombudsman program is under the Honolulu Community Action Program and funded by Comprehensive Employment Training Act (CETA) monies for one position. The program utilizes the services of trained volunteers in providing social contact to residents in skilled nursing facilities and intermediate care facilities. Their primary role, however, is to provide a complaint mechanism available to patients in such facilities.

CETA funding for the program is expected to end as of the close of the current fiscal year. Your Committee believes the fledgling program is well worth the appropriation needed to continue its operation. The bill has been amended to provide \$25,000 for the continued operation of the program for one year.

Your Committee on Public Assistance and Human Services is in accord with the intent and purpose of H.B. 1796-78 as herein amended, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1796-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Baker and Segawa.

SCRep. 91-78 Public Assistance and Human Services on H.B. No. 2164-78

The purpose of this bill is to provide funds for the creation and maintenance of a State Medicaid Fraud Unit in the Department of the Attorney General.

Testimony received from the Attorney General indicated the need for such a unit. In their initial review of the Medicaid program, they found indications of provider abuses of public dollars in the Medicaid program. Under P.L. 95-142, known as the Medicare-Medicaid Anti-Fraud Amendments, the State is eligible for a ninety percent reimbursement for the establishment and operation of a Medicaid fraud unit. The Unit will consist of attorneys, auditors, investigators and clerical staff necessary to conduct the investigations and follow through with appropriate action.

Your Committee on Public Assistance and Human Services is in accord with the intent and purpose of H.B. No. 2164-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Baker and Segawa.

SCRep. 92-78 Youth and Elderly Affairs, Health and Public Assistance and
Human Services on H.B. No. 2185-78

The purpose of this bill is to strengthen the statutory provisions of Chapters 346 and 321 of the Hawaii Revised Statutes by consolidating State oversight of licensed adult care and family boarding homes, and to extend licensure and monitoring to other similar institutions not currently licensed by the State.

Presently, State law does not mandate that all care and boarding homes be licensed to operate. Your joint Committees in public hearing received testimony indicating incidences of resident abuses and provider fraud in care and boarding facilities beyond the scope of State monitoring. Similar incidences have been found in the course of Committee research on the bill.

For those homes that are licensed or seek licensure, the Department of Social Services and Housing, and the Department of Health split the responsibility for licensing and monitoring. Care homes are the responsibility of the Department of Health, while boarding homes are the responsibility of the Department of Social Services and Housing. While regulations governing adult care boarding homes are administered by the Department of Health, DSSH does much of the placement, administers all domiciliary and medicaid public assistance payments, and decides levels of care for SSI and GA residents in care homes. Your Committees find that division of oversight to care homes has resulted in confusion among care home operators who are paid by DSSH and administered by DOH. Often, concerns of the operators are lost between the two departments, each side shrugging off inquiries as not within their appropriate jurisdiction.

Your Committees on Youth and Elderly Affairs, Health, and Public Assistance and Human Services believes that H.B. No. 2185-78 addresses the problem of jurisdiction well by placing the function of care home licensure with the Department of Social Services and Housing. Further, the bill requires the licensure of all facilities, regardless of whether they house elderly and disabled recipients of public assistance, or citizens not on public assistance. All citizens deserve equal protection of State licensing and monitoring of such facilities. To provide better incentive for families to join the program the bill exempts operators from the State's four percent excise tax.

Your Committees have amended the bill in the following ways:

- (1) The Department of Social Services and Housing is required to hold periodic, unannounced inspections of adult family boarding homes, care homes, and similar institutions.
- (2) The Department of Social Services and Housing is required to provide for monthly visits to persons placed in adult family boarding homes, care homes, and similar institutions, where the placement was made by the State or is paid for under a program administered by the department.
- (3) The Department of Social Services and Housing is required to provide training to operators and staff of adult family boarding homes, care homes, and similar

institutions, including as a minimum, first aid and cardio-pulmonary resuscitation training, at the expense of the State.

(4) The Department of Social Services and Housing is required to maintain an inventory of all facilities, and a current inventory of all vacancies therein, and to serve as a clearinghouse for placements in such facilities.

(5) The Department of Health is authorized to place individuals in unlicensed care homes only in bona fide emergencies, where the Department of Social Services and Housing authorizes such placement. The Department of Health is required to consult with the Department of Social Services and Housing in making any emergency placements in unlicensed care homes.

(6) The director of Social Services is prohibited from removing a recipient from an adult family boarding home, care home, or other similar institution where the recipient does not desire to be removed and the operator of the facility is agreeable to the recipient remaining in the facility, except where the recipient requires a higher level of care than provided by the facility, or where the recipient no longer requires domiciliary care.

(7) The bill provides for the transfer of any personnel and equipment, etc., from the Department of Health to the Department of Social Services and Housing in the event it is determined that any personnel and equipment of the Department of Health are affected by the establishment of regulatory and licensing authority in the Department of Social Services and Housing. (In the event it is finally established that no such personnel or equipment are affected, the transfer provisions may be eliminated.)

Your Committees on Youth and Elderly Affairs, Health, and Public Assistance and Human Services is in accord with the intent and purpose of H.B. No. 2185-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2185-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Baker and Segawa.

SCRep. 93-78

State General Planning on H.B. No. 2173-78

The purpose of this bill is to set forth the Hawaii State Plan that will serve as a guide for the long range development of the State; that will identify the overall theme, goals, objectives, and policies for Hawaii; and that will provide a basis for determining priorities and allocation of limited resources. A further purpose of the bill is to establish a system of policy plan formulation and coordination of state and county activities.

The Hawaii State Plan, as set forth in the bill, was formulated pursuant to Chapter 225, Hawaii Revised Statutes. In formulating the plan, public informational workshops were held in 1976 and 1977 on each island; public hearings were held on each island in 1977; and a survey was conducted in 1976 to assess the attitudes of the people.

Your Committee has held public hearings on this bill and received testimonies that such a state plan was desirable and necessary for the well-being of our State.

However, your Committee has amended the bill to address the concerns voiced by the counties and other interest groups. Specifically, your Committee has amended the bill to change the composition and functions of the Policy Council. The Policy Council will be composed of fifteen voting members: the planning director from each county, 7 members representing the public, and 4 state officers. Additionally, there shall be on the Council other state officers who shall serve in an ex-officio non-voting capacity. Your Committee has amended the bill to provide that the council, proposed as an advisory council in the bill, shall be an executive council and any amendments to the overall theme goals, objectives and policies of the State plan and priority directions and functional plans promulgated pursuant to this bill shall require approval by two-thirds of voting members of the council before any amendments or functional plan is submitted to the legislature.

Your Committee has also amended this bill by adding a new part entitled priority directions. The purpose of this part is to establish an overall priority direction and complementing actions to address areas of statewide concern. Other amendments effected by your Committee included non-substantive style changes for purposes of organization

and clarity.

Your Committee on State General Planning is in accord with the intent and purpose of H.B. No. 2173-78 as amended herein and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2173-78, H.D. 1, and be recommitted to your Committee on State General Planning for purposes of discussion, distribution and further hearing.

Signed by all members of the Committee.

SCRep. 94-78 Legislative Management

Informing the House that House Resolution Nos. 322 to 329, House Concurrent Resolution Nos. 66 to 68 and Standing Committee Report Nos. 95-78 to 114-78, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 95-78 Public Assistance and Human Services on H.B. No. 2063-78

The purpose of this bill is to appropriate \$3,100,000 to fund the social services programs offered under Title XX of the Social Security Act.

BACKGROUND

Prior to 1967, federally subsidized social service programs had always been an adjunct to the basic income maintenance programs of Title IV-A, Aid to Families with Dependent Children (AFDC); and Title VI, Aid to the Aged, Blind and Disabled (AABD). In 1967, amendments to the Social Security Act changed the place of social services by separating it from income maintenance where the providing of social services, administration of the program, and fiscal accountability were concerned.

In addition to the separation mandate, the 1967 federal changes permitted welfare departments to purchase social services from other public and private non-profit agencies. Federal financial participation for both direct and purchased social services was made available, generally at a rate of seventy-five percent of program costs. The only exception was family planning services, which received ninety percent federal funding.

The cost of providing social services under the new provisions dramatically rose, so that by 1972 the Congress and the Administration moved to place a ceiling on the program. It was under this funding ceiling that each State received a maximum federal allotment for social services based on that State's percentage of the national population.

Further changes were made to the federal program for providing social services in 1975. Title XX, as these amendments to the Social Security Act are now known, replaced both Title IV-A and Title VI. The new title contained significant innovations relating to program eligibility, where strict federal controls were relinquished to the States, and citizen participation was encouraged on the local level in the formulating of social service programs.

FINDINGS

Your Committee finds that the State has not met the challenge of planning for and properly utilizing federal funds provided by Title XX. The bonanza of \$9.7 million allotted to Hawaii in fiscal year 1973-74, where Hawaii was able to expend only \$6 million, has turned into a nightmare where programs and the public now face cutbacks in services because of a \$1.6 million deficit for the current fiscal year, and \$1.5 million for the next. The Department of Social Services and Housing has chosen to resolve this deficit by cutting back on eligibility for child day care services primarily to a client group comprised of low and moderate income working families who currently are not on public assistance.

We find that reasons for the deficit in Title XX lie squarely with the absence of wise planning and adequate investment in staffing, monitoring and evaluation of social service programs on the part of the State. We find a poorly conceived and poorly implemented public planning process. We find a proliferation of rules and regulations which are vague, confusing, and unnecessarily complicated to be interpreted uniformly by

administrators, providers and clients. The situation is exacerbated by the federal \$2.5 billion national ceiling on the program, of which Hawaii has received with minor adjustment \$13 million annually, with no increase to cover inflationary erosion to the program. There has been little initiative on the part of the State to organize with other States against federal rule changes, and the need for increased funding.

In the continuing absence of administrative direction and control over the social services program, the Department of Social Services and Housing has offered the following program options to your committee.

1. Continuing Title XX programs without expending additional state funds by confining eligibility to welfare recipients only, or confining eligibility to welfare recipients and a reduced number of income eligibles.
2. Seek an alternative sources of funding for components of the Title XX program. According to testimony from the Department of Social Services and Housing and the Department of Health, it does not appear that program shifts will generate sufficient savings to the program deficit.
3. Terminate participation of the State on the Title XX program.

RECOMMENDATIONS

Your Committee on Public Assistance and Human Services does not agree with the options offered by the Department of Social Services and Housing. Instead, the Committee recommends State funding of the Title XX deficit for the remainder of the current fiscal year, and fiscal year 1978-1979, for the purpose of maintaining current level services; and that the Department prepare an adequate State Social Services Plan to be submitted to the Legislature twenty days before the convening of the 1979 Session.

Therefore, your Committee has amended the bill to read as follows:

Section 1. There is appropriated out of the general revenues of the State of Hawaii the sum of \$3,100,000, or so much thereof as may be necessary, for the purposes of providing funds for social service programs offered under the provisions of Title XX of the federal Social Security Act, as amended.

Section 2. The sum appropriated shall be expended by the department of social services and housing for the purposes of this act. The department shall submit to the Legislature twenty days prior the 1979 Session, a State Social Service Plan addressing itself, but not limited to, program priorities and cost containment policies in Title XX of the federal Social Security Act, as amended. Any unexpended or unencumbered balance of any appropriation made by this Act as of the close of business on June 30, 1979 shall lapse into the general fund.

Your Committee on Public Assistance and Human Services is in accord with the intent and purpose of H.B. 2063-78 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2063-78, H.D. 1 and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Baker and Segawa.

SCRep. 96-78 Energy and Transportation on H.B. No. 2141-78

The purpose of this bill is to promote water conservation in water cooled process equipment by requiring the use of a recirculating water system.

Mandatory recirculation systems will eliminate unnecessary water waste and may help to forestall the need to develop expensive alternative water resources.

Under this bill each county is charged with the administration and enforcement of its provisions. However, your Committee finds that since the department of health presently regulates air conditioning systems, the provisions of the bill would more appropriately be vested in the department of health public health regulations. Your Committee has amended the bill accordingly.

Your Committee on Energy and Transportation is in accord with the intent and purpose

of H.B. No. 2141, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2141, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 97-78 Agriculture on H.B. No. 2268-78

The purpose of this bill is to provide funds to be used in establishing adequate hog slaughterhouse facilities on Oahu.

Your Committee finds that there is only one commercial hog slaughterhouse on Oahu, where approximately 65% of the State's swine industry is located. This facility is inadequate in that it cannot handle large animals (over 450 lbs.), and of concern at this time is the possibility that this establishment might not continue operations.

Your Committee finds that the absence of slaughter facilities would be disastrous to producers. In view of the fact that there appears to be no one in the private sector ready to establish a swine slaughterhouse that would either augment or replace the present one, the alternative is government assistance before it is too late.

Your Committee finds that adequate slaughterhouse facilities must be provided to assure the stability and viability of this important industry which provides hog farmers of the State an annual income exceeding \$6.5 million.

Your Committee has amended this bill to provide for loans to a cooperative in accordance with the provisions of Chapter 155, Agricultural Loan Program, except that the loan ceiling for facility, including land, building, and equipment will be governed by the sum appropriated.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 2268-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2268-78, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 98-78 Agriculture on H.B. No. 2269-78

The purpose of this bill is to appropriate out of general revenues of the State of Hawaii the sum of \$400,000, or so much thereof as may be necessary, to establish a banana processing plant on Oahu.

Your Committee finds that while eleven years ago, Hawaii produced all of the bananas consumed locally, today, slightly more than 60 per cent of the local supply is made up of imported bananas. Market conditions indicate that this downtrend in the proportion of bananas produced locally will continue in years ahead.

The basic problem faced by local banana producers is the lack of a centralized packing/processing facility to assure a consistent supply of properly ripened, high-quality product to compete with imports. With the establishment of a banana processing plant, Oahu banana growers feel they can compete to the extent of displacing most of the imported bananas. With present income of approximately \$800,000 annually for Hawaii banana growers, if Hawaii supplies all of its bananas locally, revenues to farmers could exceed \$2,000,000.

Oahu is targeted for this facility because most of the bananas grown locally are produced on Oahu and Oahu banana growers have formed a cooperative for collective marketing of their product.

Your Committee has amended this bill to provide for loans to a cooperative in accordance with the provisions of Chapter 155, Agricultural Loan Program, except that the loan ceiling for facility, including land, building and equipment will be governed by the sum appropriated.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 2269-78, as amended herein, and recommends that it pass Second Reading in the form

attached hereto as H.B. No. 2269-78, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 99-78 Agriculture on H.B. No. 2273-78

The purpose of this bill is to provide funds for the improvement of the Department of Agriculture's Burrowing Nematode Laboratory on Maui to further the growth and stability of Maui's promising floriculture industry.

The burrowing nematode testing service was made available to Maui in March 1976. Your Committee found that Maui had only one burrowing nematode-free certified nursery at that time and the laboratory capability was sufficient to cope with the volume.

Your Committee on Agriculture finds that the burrowing nematode-free certified nurseries have increased from one to seven, taxing the laboratory capabilities to the maximum. The certified bench area that is sampled increased from 2,400 square feet in 1976 to 55,689 square feet at the end of 1977. The inadequate physical space, inadequate equipment and related technical apparatus have created a backlog in inspection and related technical apparatus have created a backlog in inspection and related certification operations, thus curtailing production and marketing activities.

Your Committee on Agriculture believes that the nursery industry on Maui will increase substantially this coming year and there exists needed improvements at the Burrowing Nematode Laboratory on Maui.

Your Committee has amended this bill by providing an appropriation of \$48,000 to be expended by June 30, 1980.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 2273-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2273-78, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 100-78 Agriculture on H.B. No. 2183-78

The purpose of this bill is to appropriate \$50,000 to the Department of Agriculture for the operation of a statewide young farmers program. The Cooperative Extension Service of the College of Tropical Agriculture, under contract to the Department of Agriculture, has conducted a series of short courses for young farmers on the islands of Maui, Kauai, Oahu and Hawaii. Topics of the courses range from the techniques of propagating various crops through practical farm practices, to farm business management.

Your Committee finds the average age of the Hawaiian farmer engaged in diversified agriculture is 57 years. This statewide offering of courses is an excellent means of interesting and helping new farmers to make a commitment to the industry and to bring with them expertise, and new techniques and methodologies to farming.

Your Committee further finds that the proposed program for the 1979 fiscal year is intended to further strengthen the organization of new and/or young farmer groups. This is programmed to be accomplished through phases of leadership development and individual consultations through a para professional system.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 2183-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 101-78 Agriculture on H.B. No. 2282-78

The purpose of this bill is to appropriate \$20,000 to the Department of Agriculture to support the program activities of Hawaii's "Future Farmers of America" programs and activities which are not part of the normal curriculum activities of the State Department of Education.

Your Committee finds that agriculture has been and continues to be a major factor in Hawaii's economy and life style and that the most important resources of Hawaiian agriculture are the farmers themselves. Further, we find that the average age of Hawaii's farmer is 57 years with few in the lower age range and that a means of interesting and educating youth in aspects of farming is necessary to assure continuation of our farming enterprises.

Your Committee finds that the Future Farmers of America is a national organization for students of vocational agriculture which operates programs under provisions of the National Vocational Education Act. The primary goal of the "FFA" program is the development of agricultural leadership, cooperation and citizenship through strengthened confidence in themselves and increased knowledge and skills through information and training.

Your Committee finds that in the next year the financial requirements of this program not covered by the State Department of Education will be \$40,000.

Your Committee has amended this bill by providing an appropriation of \$40,000 to provide additional funds necessary to carry out the purpose of this bill.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 2282-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2282-78. H.D. 1, and be referred to the Committee on Education.

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

SCRep. 102-78 Judiciary on H.B. No. 1880-78

The purpose of this bill is to authorize the courts to accept payment by credit card of court costs, fees, fines, bail forfeitures, expenses and other charges due the courts. Use of credit cards will significantly facilitate collection of sums owed to the courts.

Your Committee was informed that a portion of fines owed the State is never paid. This bill would provide citizens another means for meeting their obligations and will minimize write-offs for uncollectible fines.

The administrative director of the courts testified that under the present system, a number of steps must be taken by the Judiciary personnel to record and to collect the payment of the above items, and that the number of transactions involved is immense and requires substantial staffing. The administrative directors further testified that in contrast, if the above charge or items are paid by credit card, it will be more convenient for citizens to make payments, and it will require no paper work and no collection efforts by the courts because the credit card company will handle both record-keeping and collections.

Your Committee finds that because credit card companies are specialists in the field of payments and collections and enjoy the efficiencies of size, it is reasonable and logical that the courts utilize this expertise to their advantage, and thus enable them to invest their energies in their own field of expertise--that is the administration of justice.

Your Committee amended the bill by deleting the percentage ceiling for service fees in order to allow the Judiciary to negotiate reasonable service fees with the credit card companies. Your Committee specifically request that the Judiciary provide this Committee with a report on the cost benefits derived from the use of credit cards.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1880-78 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1880-78, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 103-78 Judiciary on H.B. No. 2306-78

The purpose of this bill is to place responsibility for payment of the costs incurred in transporting defendants pursuant to court order, bench warrant or other valid order under chapter 704. Present law does not define responsibility for such costs, and each of the circuits handles the problem differently.

Your Committee finds that the bill as originally drafted may be too broad. Accordingly your Committee has amended the bill to refer specifically to costs of airfare, ground transportation, and per diem incurred when police officers escort defendants.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2306-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2306-78, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 104-78 Public Employment and Government Operations on H.B. No. 1925-78

The purpose of this bill is to amend Sections 79-5 and 106-22, Hawaii Revised Statutes, to require that all moneys received from the transfer of vacation credits and the sale of personal property by State agencies funded by the general fund, be regarded as realizations to the general fund.

Your Committee finds that presently, moneys received from the transfer of vacation credits authorized under Section 79-5, and the sale of personal property authorized by Section 106-22, are allowed to be credited to the current appropriation accounts of State agencies. These funds are then available for reallocation and expenditure by the agency for current operating expenses during the fiscal year. House Bill No. 1925-78 would enable tighter fiscal control of the operating budget by the Executive branch.

Testimony presented by the Department of Budget and Finance indicated that the intent of amendments proposed under the bill is consistent with the provisions of Section 103-2, Hawaii Revised Statutes, which provide that all revenues of the State or any agency thereof not specifically appropriated to other purposes, i.e., special fund purposes, shall be regarded as general realizations of the State. In the case of State agencies funded by special funds, provisions whereby proceeds shall be credited to the respective special fund have been included in the bill.

Your Committee is generally in accord with the intent of House Bill No. 1925-78. However, with respect to the reversion of moneys received from the transfer of vacation credits, your Committee feels that administrative provisions should be developed to insure that agencies will have sufficient funds to make lump sum payments for vacation credits without affecting program operations.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 1925-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 105-78 Public Employment and Government Operations on S.B. No. 1627-78

The purpose of this bill is to authorize funds for collective bargaining incremental salary and holiday pay adjustments for employees in bargaining Unit II.

The bill provides a legislative appropriation of \$166,322 (FY 1977-78 - \$34,240 and FY 1978-79 - \$132,082) to BUF 101, to fund increases in collective bargaining cost items for fire fighters of the Air Transportation Facilities Division and the Water Transportation Facilities Division. The dollar amounts appropriated in the bill represent the difference between the budgeted incremental amount, and the amount negotiated.

Your Committee notes that for the Water Transportation Facilities Division, the collective bargaining cost increases will be reflected as additional collective bargaining contractual costs for the services of fire fighters manning the fireboat, Abner T. Longley, which are provided by the Honolulu Fire Department of the City and County of Honolulu on

a contractual basis.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of S.B. No. 1627-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 106-78 Higher Education on H.B. No. 2685-78

The purpose of the bill is to provide permanent civil service status to the three community education assistants in the Waianae-Nanakuli Education Center of Leeward Community College.

The University of Hawaii gives its full support to this bill with the recommendation that it be amended to specify these three community education assistant positions and that the conversion date for these positions be made effective as of February 1, 1978, the date when these positions would have otherwise been terminated.

Your Committee, in complete agreement with these suggestions, recommends amending Section 2 of the bill by inserting after the word "assistants" on line 5 the following phrase:

"in the Waianae-Nanakuli Education Center".

Your Committee also recommends amending Section 3 of the bill by removing from line 14 the phrase "upon its approval" and inserting after the word "effect" on line 14 the following phrase:

"February 1, 1978".

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 2685-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No 2685-78, H.D. 1 and be referred to the Committee on Public Employment/Government Operations.

Signed by all members of the Committee.

SCRep. 107-78 Higher Education on H.B. No. 2641-78

The purpose of the bill is to have the Secretary of the Board of Regents be appointed by the Board itself and serve at the Board's pleasure rather than, as the case is at present, have the Secretary be elected by the Board and serve for a fixed term.

The University of Hawaii Board of Regents supports this change, as does your Committee, since it would then establish a policy consistent with all other appointments within the University of Hawaii system, as well as with the general policy on executive secretary appointments of other boards and commissions throughout the state and county governments.

Your Committee on Higher Education, then, is in accord with the intent and purpose of H.B. No. 2641-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 108-78 Higher Education on H.B. No. 2474-78

The purpose of this bill is to appropriate funds for the Extended Degree Program at the University of Hawaii.

During the 1977 legislative session, your Committee expressed legislative support for the establishment of an extended degree program at the University of Hawaii which would offer equal educational opportunities to those who find it difficult to enroll in regular campus-based courses by providing classes during weekends at convenient locations in the community and by awarding educational credit for life experiences. Currently, such a program is provided by Central Michigan University and Hawaii

Pacific College with contractual funds appropriated last year for the University Without Walls program. Conceptually, however, your Committee believes that the delivery of community-based education is a trend which will increase higher educational opportunities for Hawaii's residents and, as such, the University should assume responsibility for its delivery.

This year, in testimony before your Committee, the University indicated that it is ready to implement the Extended Degree Program during fiscal year 78-79 if \$250,000 is appropriated for such purpose. The University, however, failed to provide complete details of the proposed program. Therefore, while your Committee recommends an appropriation to initiate the program, the University is cautioned against proceeding without clear directions. In implementing the program, the University is reminded that the major legislative concerns are to provide for the needs of the students currently enrolled in the University Without Walls program, in addition to assuming, as stated above, the full delivery of community-based education for the future. The University is directed to closely monitor the development and implementation of the Extended Degree Program and submit a detailed progress report during the 1979 legislative session.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 2474-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 109-78 Higher Education on H.B. No. 2733-78

The purpose of the bill is to appropriate out of the general revenues of the State of Hawaii the sum of \$150,000 for the purchase of a computer for the population genetics laboratory at the University of Hawaii at Manoa.

Two members of the population genetics laboratory, testifying as private citizens in support of this Bill, have emphasized that their present computer, a CDC 3100, purchased in 1965 for \$400,000 is completely obsolete and that a much better one can be obtained for about a third of the cost of the older one.

Dr. Bronya Keats, one of the two members, also stated that the present computer is expensive to maintain, has a short life expectancy remaining, and is so inefficient that the research projects, important in terms of benefits to the health of Hawaii's people, experience considerable delay in their realization.

Dr. Newton Morton, the second member, who is actually the laboratory's director, agrees with Dr. Keats that the present computer has become the principal limitation on work done by the laboratory. Further, if funds are appropriated now to purchase the new computer, it would generate an amount equivalent to the appropriation from federal overhead in every succeeding year. Thus, he suggests that the State recognize research not only as an instructional aid, but as an industry, and, therefore, a high-yield investment.

Although the University administration itself sympathizes with the laboratory's need for a new computer, it does not at present support the bill because of tight finances and of the many other requests, all of higher priority, that have been through the internal budget review process and approval by the Board of Regents for submission to the Governor for FY 1978-79. The administration promises, however, to give the matter full consideration for the 1979-81 fiscal biennium.

Nevertheless, your Committee does recognize the long-range importance of the appropriation, especially with regard to the imminence of a possible computer breakdown.

Your Committee on Higher Education is in accord with the intent and purposes of H.B. No. 2733-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 110-78 Public Employment and Government Operations on H.B. No. 1783-78

The purpose of this bill is to amend Section 8-1, Hawaii Revised Statutes, to establish a State holiday in honor of Queen Lydia Liliuokalani and to designate the first Monday

in September as Labor Day and Queen Liliuokalani Day.

Your Committee finds that the establishment of a State holiday to observe the birthday of Queen Liliuokalani is a fitting tribute to one of Hawaii's greatest ladies. Queen Lydia Liliuokalani, the last reigning monarch of the Hawaiian kingdom, ascended the throne on January 29, 1891. Her reign encompassed one of the most significant and difficult periods in Hawaiian history; a period that culminated in the overthrow of the monarchy and the annexation of the Hawaiian Islands to the United States. The Queen's courageous struggle during this period to maintain the integrity of the throne and of her people is an inspiration to us all. Queen Liliuokalani was also one of Hawaii's best loved song writers and composer of the Republic's national anthem, "Hawaii Pono".

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 1783-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 111-78

Public Employment and Government Operations on H.B. No. 1971-78

The purpose of this bill is to amend Section 76-16, Hawaii Revised Statutes, to provide for the exemption of the following four positions from the civil service: one additional law clerk for the Chief Justice, one additional law clerk for the senior judge of the Family Court of the First Circuit, one additional law clerk for the administrative judge of the Circuit Court of the First Circuit, and one law clerk for the administrative judge of the District Court of the First Circuit. This bill provides further, that where two law clerks have been assigned to a circuit court judge, only one clerk shall have the powers and duties of a bailiff.

Testimony presented by the Administrative Director of the Courts indicates that increased caseloads have necessitated the creation of these additional positions. The additional law clerk for the Chief Justice would be necessary to assist the new appellate division of the Circuit Court which, if established as proposed in H.B. No. 187478, is designed to ease the workload of the Supreme Court. An additional law clerk is needed to assist the senior judge of the Family Court whose workload has outstripped the capacity of one law clerk. An added law clerk for the administrative judge of the First Circuit Court will enable one judge, instead of two, to continue to handle administrative matters and motions. Although presently there are no law clerks assigned to any district court judge, in the First Circuit, the current workload of the administrative judge requires the services of a law clerk to enable adequate performance of duties.

Your Committee finds that enactment of House Bill No. 197178 will result in increased efficiency and capability of the Judiciary to accomplish its tasks. Your Committee wishes to emphasize, however, that the granting of these exemptions is not to be construed as support for the creation of an appellate division for the Circuit Court or of an intermediate appellate court between the circuit courts and the Supreme Court.

Your Committee has amended this bill to correct an error in subparagraph (9) of Section 76-16. Reference to subparagraph (17) was deleted and replaced with the appropriate reference to subparagraph (16) which defines exemptions for deputies and first assistants of department heads. Your Committee has further amended this bill to correct typographical errors in subparagraph (16).

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 1971-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1971-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 112-78

Public Employment and Government Operations on H.B. No. 2097-78

The purpose of this bill is to amend Section 87-3, Hawaii Revised Statutes, to permit the Health Fund Board of Trustees to apply rate credits or reimbursements received from medical or dental insurance carriers, toward the counties' share of employer contributions for the children's dental benefits plan.

Presently, the law permits the use of such funds to defray the cost of State contributions only. Your Committee finds that the amendment proposed under this bill would enable the Health Fund Board to provide for a more equitable distribution of the costs and benefits of the program among the five employer jurisdictions. Your Committee finds further, that the intent of House Bill 209778 is consistent with amendments to Section 87-4, Hawaii Revised Statutes, enacted during the 1972 and 1973 sessions which established requirements for county contributions to defray employee and retiree Health Fund benefit costs.

Your Committee wishes to clarify and emphasize, however, that any such rate credits or reimbursements accruing to the State or the several counties shall remain within the Health Fund to be utilized in accordance with the provisions of Section 87-3 and shall not revert back to the respective general funds of the State or counties.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 2097-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 113-78 Public Employment and Government Operations on H.B. No. 2091-78

The purpose of this bill is to improve the effectiveness of volunteer programs and to aid in their continuing development throughout State government by establishing a State policy on the utilization of volunteer services.

Presently, there is no statutory authority for the establishment of volunteer programs in State government. Testimony heard by your Committee revealed that the potential volunteer force is one of the State's great and underutilized assets. Experience clearly demonstrates that the development and implementation of policy and programs which result in effective utilization of volunteers can significantly enhance services in fields such as health, environment, corrections and education. If enacted, House Bill No. 2091-78 would clearly define the role and status of a volunteer, establish the authority for State agencies to utilize volunteers, define the rights and responsibilities of both volunteers and agencies, provide for volunteer benefits, and establish agency reporting requirements with respect to volunteer programs.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 2091-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 114-78 Energy and Transportation on H.B. No. 1912-78

The purpose of this bill is to provide uniformity of state and federal requirements for exterior marking and placarding on motor vehicles transporting hazardous materials.

Under this bill the old requirements for marking and placarding will remain in effect until the director of transportation can adopt rules necessary to conform to federal standards.

Your Committee finds that recent revisions to the federal regulations have changed the basic vehicle markings from a word description to a diamond-shaped sign which includes the hazard description. The new federal requirement carries a mandatory compliance date of July 1, 1978.

With the concurrence of the state department of transportation, your Committee has amended the bill to include an effective date of July 1, 1978, conforming to the federal deadline.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 1912-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1912-78, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Machida, Takamine and Evans.

SCRep. 115-78 Legislative Management

Informing the House that House Resolution Nos. 330 to 343, House Concurrent Resolution Nos. 69 and 70 and Standing Committee Report Nos. 116-78 to 141-78, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 116-78 Agriculture on H.B. No. 2416-78

The purpose of this bill is to amend Section 421-18, sub section (b) Hawaii Revised Statutes.

Your Committee has found that farmers in Hawaii have historically been "price takers" and many indulge in price cutting tactics, which have adversely affected other members of the cooperative associations.

Your Committee believes that the amendment will be a major step towards strengthening diversified agriculture and cooperatives in the State.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 2416-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 241678, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 117-78 Energy and Transportation on H.B. No. 1910-78

The purpose of this bill is to extend the present solar energy devises income tax credit to include wind devices.

The State Department of Taxation testified in support of this measure, indicating that this tax incentive would provide for the conservation of energy as well as bring this income tax provision in line with the real property exemption for alternate energy devises.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 1910-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 118-78 Employment Opportunities and Labor Relations and Public
Employment and Government Operations on H.B. No. 2509-78

The purpose of this bill is to amend the section of the Payment of Wages and Other Compensation Law which deals with payment of wages to relatives of deceased employees. The law presently sets \$1,000 as the maximum amount payable to the surviving spouse. This amendment would eliminate the \$1,000 limit and require the employer to pay to the surviving spouse all wages, including vacation and sick leave, in full within 30 days after the death of an employee.

Your Committees agree with the testimony presented that the \$1,000 limitation may be unreasonably low in today's economy and that funeral expenses often exceed the \$1,000 limitation.

The bill has been further amended to extend payment to other dependent relatives if there is no surviving spouse or child.

Your Committees on Employment Opportunities and Labor Relations and Public Employment and Government Operations are in accord with the intent and purpose of H.B. 2509-78 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2509-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 119-78

Public Employment and Government Operations on H.B. No. 2727-78

The purpose of this bill is to amend Chapter 88, Hawaii Revised Statutes, by adding a new section which provides that temporary public service employees paid from Comprehensive Employment and Training Act (CETA) funds shall not be eligible for membership in the State Retirement System beginning July 1, 1978. This bill provides further, that any such employee who is a member of the system on June 30, 1978, shall remain in the system unless he or she elects to terminate membership, in which case he or she shall be paid all of his accumulated contributions.

Presently, CETA public service employees enjoy the same fringe benefits as permanent employees of the State or county, including membership in the State Retirement System. Your Committee finds, however, that federal rules and regulations effective October 1, 1977, discourage State and local agencies from making retirement contributions on behalf of CETA participants. The rules restrict the use of CETA funding to those cases in which a participant either obtains unsubsidized employment or obtains vesting in the retirement system. When participants leave the CETA program for reasons other than entering unsubsidized employment with the State or county, contributions made on their behalf may not be retained in the system. Moreover, the rules do not provide for employer contributions from federal funding for accidental disability benefits which are payable to eligible members and their survivors regardless of the member's length of service, and ordinary death benefits payable to survivors of members with at least one year of service.

Testimony heard by your Committee indicates that the conditions imposed by federal rules are in conflict with the provisions of Chapter 88, the Hawaii State Retirement System and that amendments to the statutes are necessary. House Bill 2727 proposes to resolve these conflicts by excluding newly hired CETA participants from membership in the Retirement System. While this solution may not satisfy everyone's concerns, your Committee finds it the most equitable under the circumstances.

Your Committee has amended the bill to clearly define the employees affected as being temporary public service employment participants paid under CETA funds.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 2727-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2727-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 120-78

Water, Land Use, Development and Hawaiian Homes on
H.B. No. 1992-78

The purpose of this bill is to exempt all property in the State solely used in connection with aquaculture from property taxes for a period of five years, beginning the first day of January following the commencement of ground breaking or from the first day of January 1978, if such aquacultural operations are commenced before the effective day of this section.

The Aquaculture Planning Program identified the availability of risk, or investment capital, as one of the constraints limiting the expansion of aquaculture activities in Hawaii. There are currently about 300 acres committed to commercial aquaculture production, nearly 200 acres of which are old Hawaiian fishponds. It has been estimated that 400 additional acres will be developed for aquaculture over the next five years. Assuming an average per acre annual tax revenue on improved aquaculture land to be \$36.00, the potential loss in revenues to the Counties over this five year period, as a result of the provisions in this bill, is estimated to be approximately \$90,000.00. This "loss" in revenues, however, is associated primarily with new or additional business, and would be offset by greater economic activity and new employment opportunities.

Property tax exemptions can facilitate the growth of the aquaculture industry by attracting and stimulating investment, and enable the aquaculture industry to exceed the Hawaii State Plan projections for 1985, which did not consider the effects of tax incentives. Benefits include annual sales worth between \$16.8 and \$33.6 million and direct employment of 240 to 480 persons on a statewide basis.

Your Committee has amended the bill to substantially tighten the definition of aquaculture.

Other recommended changes should significantly reduce the possibility of abuse while still providing aquaculture with a tax incentive. Section (a) deletes the phrase "or to be used" and substitutes a new section "(c)". This is necessary for preventing the possible abuse of the proposed property tax exemption by speculators under a guise of aquaculture. Section (b) provides a comprehensive listing of seemingly necessary components covering most types of commercial aquaculture operations. Section (c) provides a further opportunity to clarify the components that are essential for commercial aquaculture operations. Section (d): Ancillary uses (agricultural uses) already receive a tax break under the State's agriculture land dedication law. Lands so dedicated are taxed on a rate on the actual use of the land rather than its market value.

Your Committee on Water, Land Use, Development and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 1992-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1992-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 121-78 Water, Land Use, Development and Hawaiian Homes and Agriculture
on H.B. No. 2318-78

The purpose of this bill is to amend subsection (9) of Section 219-5, Hawaii Revised Statutes by establishing a ceiling upon the liability of the State with respect to the insurance of loans from private lenders. The bill also adds a new subsection (12) to section 219-5, H.R.S., to assure that a proper reserve is maintained in the loan fund to guarantee payment of defaults on insured loans.

At present there are no indications as to the probable or maximum debt that could be accumulated for insured aquaculture loans authorized under sections 219-7 and 219-8, H.R.S. In an opinion dated November 13, 1970 relating to the establishment of a ceiling on guaranteed housing loans, the Attorney General ruled that there is a definite possibility that this contingent liability would be applied against the debt margin set by the bonded debt of the State and the debt ceiling of the State. Since insured aquaculture loans are also contingent liabilities that could be applied against the State debt margin in the same manner, they could affect the State's power to authorize debt.

Your Committees feel this bill is necessary to establish a monetary ceiling upon the liability of the State with respect to the insurance of aquacultural loans from private lenders so as to avoid possible complications with the future funding of general obligation bonds of the State and other funded indebtedness. It would also assure that a proper reserve is maintained in the loan fund to guarantee payment of defaulted insured loans.

This bill is of vital importance to the State's debt management program.

Your Committees on Water, Land Use, Development and Hawaiian Homes, and Agriculture are in accord with the intent and purpose of H.B. No. 2318-78 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 122-78 Ecology and Environmental Protection on H.R. No. 113

The purpose of this resolution is to request that the Department of Health conduct a study to determine the amount of pollution caused by buses, the extent to which pollution would be reduced by conversion to overhead exhaust systems, and the costs involved in conversion.

Your Committee finds that overhead exhaust systems may be preferable, but more information is needed before any regulatory action is taken.

Your Committee on Ecology and Environmental Protection concurs with the intent and purpose of H.R. No. 113 and recommends it be referred to the Committee on Energy and Transportation.

Signed by all members of the Committee.

SCRep. 123-78 Energy and Transportation on H.R. No. 67

The purpose of this resolution is to request that the United States Congress amend the Soldiers' and Sailors' Civil Relief Act to permit the imposition of local motor vehicle weight taxes on non-resident military personnel stationed in Hawaii.

There are currently 53,000 vehicles privately owned and operated by military personnel in Hawaii, which are exempt from state and county motor vehicle taxes, resulting in lost county revenues of about \$500,000 annually.

Your Committee finds that the exemption was adopted during a period of national crisis for purposes and circumstances which no longer exist.

Testimony presented before your Committee by the Hawaii Automobile Dealers' Association cited the problem of dealers who are required to pay taxes on inventoried vehicles which are subsequently sold to military personnel.

The vehicle weight taxes are directly related to the use and ownership of motor vehicles and provide for the construction, maintenance and operation of Hawaii's roads, used by the general public, including military personnel.

Your Committee finds that imposition of the vehicle weight taxes would allow non-resident military personnel to contribute their fair share to the highway fund for use of the roads.

Your Committee on Energy and Transportation concurs with the intent and purpose of H.R. No. 67 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

screp. 124-78 Ecology and Environmental Protection on H.B. No. 2249-78

The purpose of this Act is to abolish the environmental council.

Your Committee finds that the Environmental Council was established to serve as a liaison between the Director and the general public and to monitor the progress of government in meeting the State's environmental goals and policies. However, the public voice can be better heard if it is heard directly by the Director of Environmental Quality Control who is the principal advisor to the Governor on environmental matters.

Your Committee was surprised to learn that the president of a planning and research corporation was a member of the Council while under contract to the Office of Environmental Quality Control. While the Council was very active until approximately 1974, the formation of Legislative Committees which provide a forum for environmental issues usurped a large measure of the Council's function.

Your Committee therefore concluded that the Environmental Council is no longer necessary. In abolishing the Council, however, the Committee felt it necessary to provide for explicit recognition of certain responsibilities within the office of the Director of Environmental Quality.

Your Committee has amended this bill to provide that the Director shall serve as liaison between the Governor and the general public and that he is charged with monitoring agency progress toward our environmental goals.

Your Committee on Ecology and Environmental Protection is in accord with the intent and purpose of H.B. No. 2249-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2249-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 125-78 Corrections and Rehabilitation on H.R. No. 61 (Majority)

The purpose of this resolution is to request the Department of Social Services and Housing to study the feasibility of providing unemployment and disability benefits to former inmates of state prisons and institutions under the jurisdiction of the Corrections Division of the Department, and in the course of this study perform a cost benefit analysis of such a program.

Testimony was presented before your committee by a woman, formerly an inmate of a correctional institute for girls, concerning an accident she suffered while working for the facility, which resulted in an 80% disability. In addition, a former prison inmate testified to an injury suffered during his work duties while incarcerated.

Testimony presented by the Department of Labor and Industrial Relations favored adoption of this resolution as a means for assisting the adjustment of ex-offender to community life. During discussion among representatives of the Department of Labor and Industrial Relations and of the Department of Social Services and Housing, including the Hawaii Paroling Authority, it was agreed that these departments would cooperate with each other in conducting the feasibility study.

Because the unemployment compensation and workers disability benefits programs are administered by the Department of Labor and Industrial Relations, your committee has amended this resolution so that the Department of Labor and Industrial Relations will be requested to conduct the feasibility study rather than requesting the Department of Social Services and Housing to do so. All department representatives agreed to this amendment.

Your committee also recommends that the Department of Labor and Industrial Relations receive the assistance of the Department of Social Services and Housing and that the Department of Labor and Industrial Relations be the one to submit a report on its findings and recommendations to the Legislature prior to convening of the Regular Session of 1979.

Your Committee on Corrections and Rehabilitation is in accord with the intent and purpose of H.R. No. 61 as amended and recommends that it be referred to your Committee on Employment Opportunities and Labor Relations in the form attached hereto as H.R. No. 61, H.D. 1.

Signed by all members of the Committee except Representative Baker.
(Representatives Ueoka, Ikeda and Medeiros did not concur).

SCRep. 126-78 Water, Land Use, Development and Hawaiian Homes on
H.B. No. 2193-78

The purpose of this bill is to prepare a master plan to provide for the development of a significant increase in island-based fishing effort within the entire Hawaiian archipelago.

It has been estimated that the Hawaiian fisheries could produce landings approaching \$100 million per year. With the advent of the Fisheries Conservation and Management Act of 1976 designating exclusive fisheries jurisdiction zones of 200 miles around all U.S. territory, this meant a total of roughly 600,000 square miles of fisheries zone for Hawaii. The bulk of this zone surrounds our Leeward Islands, and contains vast resources virtually untouched by the Hawaiian fleet. This area, however, can be fished by foreign fleets if the domestic capability does not develop. Foreign fleets, in fact, are now fishing the Leewards and producing more fish than Hawaii's total landings. Hawaii's capability to harvest is limited primarily to a 100 mile radius of Honolulu by 28 large commercial vessels.

The development of our fishing industry has other significant implications including: a model development plan in fisheries for all the Pacific Islands, an industry that will put local people in the jobs, and the improved enforcement of the 200 mile regime with local boats constantly on the best grounds.

If the fisheries resources are to be fully developed for the benefit of this State, your Committee feels it is critical that a coordinated comprehensive plan for the fisheries development be prepared as soon as possible.

The bill has been amended by deleting an irrelevant reference and by including reference to recreational fishing.

Your Committee on Water, Land Use, Development and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 2193-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2193-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 127-78 Water, Land Use, Development and Hawaiian Homes on
H.R. No. 114

The purpose of this Resolution is to request the director of planning and economic development to secure specialized assistance to study the marketing and processing problems and needs of the developing local fishing industry to encourage the anticipated exportation of Hawaiian fisheries products.

Also, that the director, in consultation with impacted sectors of the Hawaiian fishing industry, report his findings and recommendations 30 days before the convening of the 1979 legislative session.

Current marketing practices are entering a transition from the traditional procedures (wholesale market, Tuna Boat Owner's Association sales through the cannery agent, and direct deliveries by commercial and non-commercial fishermen) to include new methods necessary for the foreseeable large-scale increase in supply for exports as well as the local market. With the advent of new vessel construction and exploitation of new fishing areas, tonnage deliveries must be marketed effectively without flooding the market and undermining the small fishermen.

To do this, Hawaii must develop processing such as flash freezers, and handling techniques to extend the shelf-life of our seafood products, develop the local institutional market demand for Hawaiian seafoods, and open volume markets for the export of local fisheries products.

Your Committee on Water, Land Use, Development and Hawaiian Homes concurs with the intent and purpose of H.R. NO. 114 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 128-78 Water, Land Use, Development and Hawaiian Homes on
H.R. No. 116

The purpose of this Resolution is to request the director of the department of planning and economic development to study the application of hypobaric containers to the significant fisheries products of the Hawaiian archipelago, and to report his findings 30 days prior to the convening of the 1979 Legislative Session.

Your Committee on Water, Land Use, Development and Hawaiian Homes concurs with the intent and purpose of H.R. NO. 116 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 129-78 Water, Land Use, Development and Hawaiian Homes on H.R. No. 117

The purpose of this Resolution is to request the Director of Transportation to study and propose appropriate amendments to the State Harbors Master Plan for 1995 which would provide for the orderly and long-term expansion of commercial and recreational facilities and service systems, and to develop a timetable of boat launch development and maintenance.

The State Harbors Master Plan for 1995 does not adequately serve the interim or longterm needs of large vessel boating interests including the commercial fishing industry, the visitor oriented charter fishing and sight seeing industry and the recreational boating sector.

Your Committee feels that certain elements of this plan require continual updating and the inclusion of any new factors which may arise, and that a progress report regarding the continuing planning of the harbor facilities to meet the various aspects of boating is desirable.

Your Committee on Water, Land Use, Development and Hawaiian Homes concurs with the intent and purpose of H.R. NO. 117 and recommends that it be referred to the Committee on Energy and Transportation.

Signed by all members of the Committee.

SCRep. 130-78 Water, Land Use, Development and Hawaiian Homes on
H.R. No. 120

The purpose of this Resolution is to request the director of the department of planning and economic development to study and make recommendations on the reorganization of the present vessel financing programs that would complement and fully utilize the resources of those federal and commercial loans and grants presently available.

Also, that the recommendations include the following: the appropriate administering agency, composition of the loan review committee, qualification requirements for applicants, terms and conditions of financing, other administrative services needed, and appropriation requirements.

Also, to determine the total funding needs for the new vessel construction program and factors such as the number and kind of vessels needed over what period of time.

Your Committee on Water, Land Use, Development and Hawaiian HOMes concurs with the intent and purpose of H.R. No. 120 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 131-78 Water, Land Use, Development and Hawaiian Homes and Ocean
and Marine Resources on H.R. No. 122

The purpose of this Resolution is to request the director of the department of planning and economic development to prepare a conceptual master plan on island-based fisheries development for the State with specific recommendations on the interface of all levels of government and private industry as well as State-sponsored program needs, with such a plan being intended for a fixed duration under the guidance of a Governing Board composed of representatives from industry and government.

Also, that the master plan focus on the following developmental components: harbor facility requirements, financing of fleet expansion, conservation and management policies, bait production, marketing, and personnel training.

Also, that the director, upon consultation with representatives of the Hawaiian fishing industry, report his findings and recommendations to the Legislature 30 days prior to the convening of the Regular Session of 1979.

Your Committees feel that an in-depth study of our present fishing industry will reveal very serious problems, problems which if resolved, will enable the fishing industry to become a major contributing factor to the economy of the State.

Your Committees on Water, Land Use, Development and Hawaiian Homes, and Ocean and Marine Resources, concur with the intent and purpose of H.R. No. 122 and recommend that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 132-78 Water, Land Use, Development and Hawaiian Homes and Ocean
and Marine Resources on H.R. No. 121

The purpose of this Resolution is to request the Marine Affairs Coordinator and the Director of the Department of Land and Natural Resources to encourage, support and assist the commercial aku fishermen of Hawaii in the concurrent research and testing of cultured and nearshore baitfish by means reasonably calculated to achieve that end.

Also, that the Marine Affairs Coordinator and Director of the Department of Land and Natural Resources report to the Legislature the progress of the concurrent bait testing projects as well as the relevant assistance that each provided in support of this Resolution 30 days prior to the convening of the Regular Session of 1979.

Commercial aku fishermen of Hawaii are totally dependent upon the natural migrations

of the nearshore stocks of nehu, iao, and marquesan sardine. These migrations are unpredictable, forcing an aku boat to spend up to 30 to 40 percent of its time looking for and catching bait.

Nehu is the chief baitfish for the aku fleet. However, the nehu is not strong; they do not survive long in the aku-boat bait wells, which limits the distance the boats can travel to find aku, and requires the boats to bait frequently.

Your Committees are concerned about this major factor limiting Hawaii's fishing operations. If baitfish can be cultured suitable to the aku fishermen's needs, the possibility exists of their utilizing the vast resources of the Northwest Hawaiian Islands to a much greater extent.

Your Committees on Water, Land Use, Development and Hawaiian Homes, and Ocean and Marine Resources, concur with the intent and purpose of H.R. No. 121 and recommend that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 133-78 Higher Education and Education on H.B. No. 2018-78 (Majority)

The purpose of this Bill is to establish a pilot project to determine the effectiveness of the State's manpower training program, as administered by the State Manpower Training Office, University of Hawaii Community College System, in providing a job-oriented career opportunities program for secondary school students who are dissatisfied with the curriculum offerings currently available to them. This Bill appropriates the sum of \$150,000, or so much thereof as may be necessary, to the Department of Labor and Industrial Relations to contract with the Office of Manpower Training, University of Hawaii, for the purpose of this Bill.

Your Joint Committees find that a systematic approach is necessary to provide alternative education for secondary students. Of particular concern to your Committees is the effectiveness of conventional programs and alternative programs in preparing students for a working life, especially those young people who have dropped out of school or who attend begrudgingly and are not furthering the realization of their economic potential. This is the target group for the pilot project established by this Bill. The essence of the pilot project is the extension of any existing program, which has demonstrated success with an older but similar target group, to those secondary students who can benefit in attaining the job skills offered in the State's manpower training program.

Your Joint Committees on Higher Education and Education are in accord with the intent and purpose of H.B. No. 2018-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.
(Representative Abercrombie did not concur).

SCRep. 134-78 Education on H.B. No. 2329-78

The purpose of this Bill is to provide funds for educational services to limited English speaking students by providing bilingual instructional services to students with limited English speaking ability.

Your Committee finds that the department of education is committed to provide special language assistance to every limited English speaking student identified in the public schools by legal mandate from the Office of Civil Rights. Any non-compliance with the mandate may jeopardize \$2.3 million in federal funds received each year through P.L. 92318, Emergency School Aid Act.

Your Committee further finds that additional funds are needed by the department of education to meet the needs of the students with limited English speaking ability. The department of education has reported that for fiscal year 1977-78, 4,400 students are not being provided these services and for fiscal year 1978-79, an additional 2,000 students are projected to be in need of bilingual services.

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

No. 2329-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 135-78 Education on H.B. No. 2384-78

The purpose of this Bill is to provide for the establishment of one children's librarian position at the Waianae Community Library.

Your Committee finds that there is no permanent full time children's librarian at the Waianae Community Library. The position existed prior to 1972; however, due to attrition, the position became vacant and has since been subject to the State's austerity program.

Your Committee has heard testimony from the Department of Education that is in agreement with the intent of the Bill. The D. O. E. has, in fact, established a federally funded temporary children's librarian position for the Waianae Library and will be filling the position in April, 1978.

Your Committee has amended this Bill to authorize the Department of Education to establish a federally funded children's librarian position at the Waianae Community Library. Section 1 of this Bill reads as follows:

"SECTION 1. The Department of Education is authorized to expend out of the federal funds received by the State of Hawaii the sum of \$12,930, or so much thereof as may be necessary, for the establishment of and compensation for one children's librarian position at the Waianae Community Library."

Section 2 has been deleted and Section 3 has been renumbered as Section 2.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 2384-78 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. 2384-78, H.D. 1.

Signed by all members of the Committee.

SCRep. 136-78 Education on H.B. No. 2714-78

The purpose of this Bill is to lapse unencumbered capital improvement appropriations for the 14th Representative District deemed nonessential and which have not otherwise been lapsed by law.

Your Committee finds that funds have been appropriated for capital improvement projects in the 14th Representative District that have not been expended due to changed circumstances or nonfeasibility of the projects. Your Committee recognizes that the use of such funds are restricted and can only be expended for the projects for which they were authorized. Therefore, your Committee finds that certain funds authorized for prior capital improvements for the 14th Representative District can be released for other State needs.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 2714-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 137-78 Culture and the Arts on H.B. No. 2064-78

The purpose of this bill is to provide \$25,000 for the reprinting of Montage -- An Ethnic History of Women In Hawaii.

Montage, a federally funded project, began eighteen months ago as a combined effort of the General Assistance Center of the Pacific and the Hawaii State Commission on the Status of Women. Four month ago, two thousand copies of Montage were printed and distributed to schools, libraries, teachers, resource and curriculum

centers and individuals at a total cost of \$9,000. This original supply is now gone.

Testimony reviewed by your Committee underscored the need and demand for additional copies, from educators and librarians as well as individuals from Hawaii and the mainland.

Upon consideration of the testimony presented and in view of the increasing demand and need for Montage, your Committee recommends that the General Assistance of the Pacific together with the Hawaii State Commission on the Status of Women examine the feasibility of establishing a revolving fund to cover future printing and postage costs.

Your Committee on Culture and the Arts is in accord with the intent and purpose of H.B. No. 2064-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 138-78 Culture and the Arts on H.B. No. 2289-78

The purpose of this bill is to provide a grant-aid-in for the Waianae Culture and Arts Society.

The Waianae Culture and Arts Society was, until its incorporation in 1973, a part of the Federal Model Cities Program through the City and County of Honolulu.

Since the discontinuation of Model Cities funds, the Society has been operating on funds from the National Endowment for the Arts and the Hawaii State Legislature through the State Foundation on Culture and the Arts.

Upon consideration of the testimony presented, your Committee recommends an appropriation of \$75,000 for the fiscal year 1978-79. Section one of the bill has been amended accordingly.

Your Committee on Culture and the Arts is in accord with the intent and purpose of H.B. No. 2289-78, H.D. 1 as amended herein, and recommends that it pass Second Reading in the form hereto attached as H.B. No. 2289-78, H.D. 1 and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 139-78 Culture and the Arts on H.B. No. 2348-78

The purpose of this bill is to appropriate monies for Windward Video to produce a series of six half-hour videotapes on major public policy issues now confronting Hawaii.

Windward Video is a non-profit educational, community-based organization that has been producing videotape documentaries over the past two years with grants and funds provided by various local foundations.

If passed the bill would provide monies to produce a series of tapes examining the cultural and social implications of issues of statewide concern.

Additional funds for this project are being sought by Windward Video. A letter submitted to your Committee from the Hawaii Committee for the Humanities indicates that the project proposal is now under consideration.

Your Committee has amended Section two of the bill to provide \$5,000 to Windward Video which, if approved will be matched by funds from the Hawaii Committee.

Your Committee on Culture and the Arts is in accord with the intent and purpose of H.B. No. 2348-78, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2348-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 140-78 Culture and the Arts on H.B. No. 2489-78

The purpose of this bill is to provide \$10,000, for the commissioning of a statue of King David Kalakaua.

Your Committee agrees that the statue shall be designed and produced by an artist of Hawaii in a form so the people of Hawaii may recognize it and be respectful to the memory of the monarch.

Your Committee on Culture and the Arts is in accord with the intent and purpose of H.B. No. 2489-78 and recommends that it pass second reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 141-78 Employment Opportunities and Labor Relations and Public Employment and Government Operations on H.B. No. 1893-78 (Majority)

The purpose of this bill is to amend Act 151, SLH 1975, as amended, by further defining an unemployed individual to mean an individual "who is a resident of the State of Hawaii".

The State Program for the Unemployed was created in 1975 as a supplement to the federal Comprehensive Employment and Training Act of 1973. At that time Hawaii was suffering from an unemployment rate of eight to nine per cent along with the rest of the nation.

Your Committees agree with the testimony presented that Statefunded, temporary emergency employment programs, such as the State Program for the Unemployed, should be reserved for longterm unemployed Hawaii residents.

Your Committees believe that the criteria for determining the residency status of applicants for State funded emergency employment programs should be reserved to the State agency which is responsible for administering the program. In the case of the State Program for the Unemployed, the Department of Labor and Industrial Relations would be responsible for establishing the residency criteria.

Testimony before your Committees has indicated that residency criteria must be reasonably designed to assess the residency status of the unemployed job seeker, and may include activities generally attributable to Hawaii residents such as filing Hawaii Resident income tax return, registering and voting in Hawaii, obtaining Hawaii driver's license, opening checking and savings accounts in Hawaii financial institutions, purchasing real estate in Hawaii, membership in churches and other organizations in Hawaii.

Your Committees on Employment Opportunities and Labor Relations and Public Employment and Government Operations are in accord with the intent and purpose of H.B. No. 189378 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.
(Representative Abercrombie did not concur).

SCRep. 142-78 Legislative Management

Informing the House that House Resolution Nos. 344 to 355, House Concurrent Resolution Nos. 71 to 75 and Standing Committee Report Nos. 143-78 to 185-78 have been printed and distributed.

Signed by all members of the Committee.

SCRep. 143-78 Consumer Protection and Commerce on H.B. No. 2165-78

The purpose of this bill is to encourage the commercial development of geothermal energy by establishing procedures to insure the geothermal energy producer, the public utility, and the consumer that just and reasonable rates for such energy can be obtained. To achieve this purpose, the bill provides that the rate payable by a public utility to

a producer of geothermal steam, or electricity generated from geothermal steam, shall be as agreed to by the parties, subject to the approval of the Public Utilities Commission. If the public utility and the producer cannot reach an agreement, or if the Public Utilities Commission disapproves the rate, the Public Utilities Commission shall establish the rate.

Your Committee heard testimony both in support of and against passage of this bill. Proponents indicated that it is realistic to expect that commercial applications of geothermal energy will be developed, and further, that the product produced could take the form of steam or electricity. A major concern was raised, however, with respect to the bill in its present form because of the lack of clarity as to whether the Public Utilities Commission, in establishing a rate, may or may not consider the cost of generating an equivalent amount of energy by use of fossil fuels. It was felt that if the Public Utilities Commission is required to consider comparative costs, electricity derived from geothermal energy could reflect a price considerably higher than actual production costs, and the consumer may not realize the full benefits from a cheaper form of energy than that produced by fossil fuels.

Your Committee noted that the similarity in language used in subsection 269-(b) of H.B. No. 2165-78 (lines 7 -17 on page 2) with the language used in section 269-27.2(c), Hawaii Revised Statutes. Your Committee is mindful of the fact that section 269-27.2 deals primarily with non-fossil fuels produced by burning bagasse, and that any rate-setting complexities associated with that source of non-fossil fuel, would likely not carry over to producing steam or electricity generated from geothermal energy. To insure clarity in the bill, and to address the specific purpose of the bill, your Committee has amended the bill in the following manner:

1. Section 1 has been amended to clearly state the purpose of the bill.
2. Section 2 has been amended by deleting the proposed subsection 269-(b) to avoid any confusion as to what factors the PUC must consider. Your Committee is of the opinion that the primary consideration here is providing a just and reasonable rate to the producer, the public utility, and to the consumer; therefore, it is not necessary to spell out what the Public Utilities Commission shall, or shall not consider.
3. It is the express intent of your Committee that this bill address solely the matter of fixing rates for the sale of geothermal energy by the producer to the public utility. Accordingly, a new subsection 269-(b) has been inserted to make clear that the producer of geothermal energy shall not, in any other respects, be subject to regulation by the Public Utilities Commission.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2165-78, as herein amended, and recommends that it be referred to the Committee on Energy and Transportation in the form attached hereto as H.B. 2165-78, H.D. 1.

Signed by all members of the Committee except Representative Baker.

SCRep. 144-78 Consumer Protection and Commerce on H.B. No. 2191-78

The purpose of this bill is to assure that appropriate use or sales taxes are paid by consignees on motor vehicles shipped into the State.

Presently, the department of taxation attempts to collect the appropriate use or sales taxes on motor vehicles shipped into the State by contracting the consignees thereof using registration information provided by the various counties within which the vehicles are registered. Your committee received testimony that tax revenues are being lost because the present system does not adequately assure that such use or sales taxes are in fact being paid.

By prohibiting a common carrier of such a motor vehicle from releasing the vehicle unless the consignee can show that he has paid the applicable taxes, your committee feels that the inadequacies of the present means of collecting such taxes would be effectively eliminated and the State assured of receiving the tax revenues it is entitled to by law.

However, it was brought to your committee's attention that in its present form, the bill does not take into account those consignees who are permitted to pay use taxes

on a monthly or quarterly basis and who would be forced, under the provision of this bill, to pay in advance to get their vehicles released. Accordingly, your committee recommends an amendment to allow such consignees to obtain the release of their vehicles upon showing the common carrier proof that they pay such taxes on a monthly or quarterly basis.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2191-78, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 2191-78, H.D. 1.

Signed by all members of the Committee except Representative Baker.

SCRep. 145-78 Consumer Protection and Commerce on H.B. No. 2396-78

The purpose of this bill is to authorize mass merchandising of workers' compensation insurance to members of any association or organization under a mass merchandising plan audited by the insurance commissioner.

Your committee received testimony, with which it agrees, that mass merchandising of this type of casualty insurance is beneficial to individual insured workers in terms of lowering premiums, standardizing policies and claims, and obtaining the safety engineering services of the insurers.

Your committee finds, however, that the bill contains no provision prohibiting insurers from mass merchandising workers' compensation insurance to associations which have mandatory participation in the insurance as a condition of membership. Your committee recommends that this bill be amended by adding a new subsection to the section entitled "Mass merchandising prohibited when" to so prohibit insurers.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2396-78 as amended herein and recommends that it be referred to the Committee on Employment Opportunities and Labor Relations in the form attached hereto as H.B. No. 2396-78, H.D. 1.

Signed by all members of the Committee except Representative Baker.

SCRep. 146-78 Consumer Protection and Commerce on H.B. No. 2285-78

The purpose of this bill is to increase the excise tax imposed on the wholesale price of liquor sold or used from twenty to twenty-five per cent and to set aside five per cent of such moneys collected for use by the department of health for alcoholism treatment, community education, research projects and other activities relating to alcoholism.

Presently, Hawaii has one of the highest taxes on liquor in the country. Due in part to this fact, the price differential of beer and wine purchased in civilian retail outlets and in military commissaries not subject to the tax is substantial. Obviously, increasing this tax would increase this differential and encourage more misuse of commissary privileges in addition to simply increasing the cost of liquor to the consuming public already complaining about its high cost.

Your committee feels, therefore, that the tax increase contained in this bill is not warranted and recommends an amendment for the purpose of deleting such increase from this bill. Accordingly, your committee has deleted section 1 of H.B. No. 2285-78 and changed sections 2, 3, 4, and 5 to sections 1, 2, 3, and 4, respectively.

Your committee received testimony that dedicated alcohol taxation is not uncommon as an alternative source of funds to pay for alcohol-related program services and that some sixteen other states are already utilizing this means of obtaining funds in the face of rising costs for such services and the lack of revenue in general. In addition, the department of health recognizes that the five per cent dedicated alcohol tax could generate sufficient funds for federal-fund matching requirements. Accordingly, your committee is in agreement that setting aside five per cent of the liquor tax collected is an effective and viable means of funding alcohol-related program services.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2285-78, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 2285-78, H.D. 1.

Signed by all members of the Committee except Representative Baker.

SCRep. 147-78 Consumer Protection and Commerce on H.B. No. 1870-78

The purpose of this bill is to authorize the use of alternative mortgage instruments in Hawaii.

For many years, home purchases have been financed by long-term, fixed rate mortgage which is fully amortized and calls for equal monthly payments for the life of the loan. With the increase in housing costs in Hawaii, the monthly mortgage payments have increased proportionately. Since lenders traditionally apply the 4 to 1 rule in testing eligibility, this means that the total family income of the borrower must be four times the monthly mortgage payment. The result is many young people cannot qualify for financing.

This bill will authorize the use of graduated mortgage payment schedules which requires lower monthly payments in the early years than in the later years. Borrowers with good employment prospects and expected annual income increases can qualify with the expectation that the increases will be sufficient to meet the increased mortgage payments.

Under an alternative mortgage instrument, the monthly payment in the first few years will not be sufficient to pay the interest that is due. The unpaid interest is capitalized and collected in the later years when generally the borrower has more income. This practice is exempted from the usury law under this bill. The exact terms and conditions of the alternative mortgage instruments is left to the bank examiner to determine by rules and regulations.

As stated in Section 1, this bill will permit and encourage the utilization of alternative mortgage instruments to qualify more residents for residential mortgage loans. These types of loans are presently being made in fourteen states. In 1977, Act 24 authorized a similar program under a Housing and Urban Development pilot program. The time-consuming processing, reporting and servicing of the federal program, however, limited the availability of these loans.

Your Committee has amended this bill by adding a new Section 4 which specifically authorizes the bank examiner to issue rules and regulations to define and govern the utilization of alternative mortgage instruments.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1870-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1870-78, H.D. 1, and be referred to the Committee on Housing.

Signed by all members of the Committee except Representative Baker.

SCRep. 148-78 Consumer Protection and Commerce on H.B. No. 1920-78

The purpose of this bill is to clarify the definition of boards which regulate professions and businesses and to allow such boards to initiate their own complaints against licensees and to take further disciplinary action against a licensee who fails or refuses to comply with an order of a board, including suspending or revoking a license or seeking injunctive relief.

It is presently unclear whether a board can proceed with an investigation on its own information absent a written complaint. As a result, a board has not been able to initiate an investigation although provided with information about allegedly illegal activity engaged in by a licensee within the jurisdiction of a board.

In addition, under present law, the power of a regulatory board or commission to seek injunctive relief or to take further disciplinary action against a licensee who fails or refuses to comply with an order of a board is ambiguous. As a result, licensees have defied board-ordered restitution, for example, and the board has been unable to take further disciplinary action.

Your Committee agrees that the provisions of this bill would effectively eliminate these problems now faced by regulatory boards and commissions.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1920-78 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 Baker.

SCRep. 149-78 Consumer Protection and Commerce on H.B. No. 1915-78

The purpose of this bill is to make a retail installment contract unenforceable by the seller if the seller fails to place the words "RETAIL INSTALLMENT CONTRACT" and "NOTICE TO THE BUYER" on a retail installment contract.

Under the previous law, a retail installment contract was made unenforceable if the seller failed to place the aforementioned words on the contract. However, when the law was amended to place door-to-door sales contracts in a separate chapter of the Hawaii Revised Statutes, this provision was inadvertently repealed for retail installment contracts other than door-to-door sales contracts.

Your committee is in agreement that all retail installment contracts, whether made through door-to-door sales or otherwise, should be made unenforceable by the seller if the aforementioned words are not contained therein.

Your committee has amended this bill to take effect sixty days following its approval because sellers need a period of time within which to print new forms for sales contracts and otherwise to conform to the requirements of this Act.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1915-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1915-78, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Baker.

SCRep. 150-78 Public Employment and Government Operations on H.B. No. 2728-78

The purpose of this bill is to amend existing statutory provisions for adjusting the compensation of employees who are promoted, reallocated or temporarily assigned to higher grades. Under this bill, basic guidelines are established for the adoption of rules and regulations pertaining to such adjustments.

Prior to July 1, 1977, contractual agreements and civil service compensation rules guaranteed public employees an increase in compensation equivalent to one full step whenever they were granted promotions, reallocations or temporary assignments to a higher grade. Your Committee finds however, that because of the negotiated pay increases which became effective July 1, 1977, there are many employees presently compensated at rates that fall between increment or longevity steps, or beyond the maximum step for their pay range. Under the present law, these employees do not receive a full step increase upon promotion, reallocation or temporary assignment, but are entitled only to the difference between their actual pay and the next higher step. This could result in a wage increase of as little as one dollar per month for such employees.

Testimony heard by your Committee indicates that serious morale problems have resulted from this situation. Such token wage increases do not serve as adequate incentives or rewards for promotions and if allowed to continue, may lead to a deterioration of the quality of service, especially in the supervisory and managerial ranks. Some employees have actually refused promotions and temporary assignments because wage increases were not commensurate with the assumption of higher level duties and increased responsibilities.

House Bill 2728-78 proposes to address the problem by amending Section 77-10, Hawaii Revised Statutes. The bill provides that an employee shall receive no less than the rate of the next higher step of his existing pay range if his existing rate is on step, or no less than the dollar difference between the steps above and below his existing rate if his existing rate is in between steps. The bill provides further that for employees who are at or above the maximum step of their existing pay range, the rules may provide for other methods of pay adjustment. In no event, however, may an employee's compensation

be increased to an amount which will exceed the highest pay step of the higher pay range.

Your Committee has amended this bill to provide for an effective date retroactive to July 1, 1977, in order to permit adjustments in compensation for those employees promoted, reallocated or temporarily assigned since the effective date of the negotiated wage increases. Your Committee feels that such amendment is necessary to correct the inequities in compensation adjustments which have occurred.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 2728-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2728-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 151-78 Higher Education on H.R. No. 45

The purpose of this resolution is to request the University of Hawaii to develop a system-wide women's athletic program plan.

Financial support for the women's athletic program has been unequitable and inadequate as compared to the men's athletic program at the University of Hawaii. Despite this, however, the women's athletic program has made remarkable achievements that are evidence of the solid potential of the program if it is given the opportunity to grow.

Your Committee believes that the women's athletic program is deserving of support and has amended this resolution to incorporate the concerns expressed in H.R. No. 46 which falls under the purview of H.R. No. 45.

Your Committee on Higher Education concurs with the intent and purpose of H.R. No. 45, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.R. No. 45, H.D. 1.

Signed by all members of the Committee.

SCRep. 152-78 Higher Education on H.B. No. 2372-78

The purpose of this bill is to appropriate \$100,000 to fund six full-time positions for the expansion of the women's studies program of the University of Hawaii.

The Women's Studies program is an interdisciplinary program which provides for the study of various factors determining the status of women, theories and assumptions about women presented in various disciplines, and achievements of women. A few scattered courses on women were first offered during the fall of 1971, however, due to a growing interest the Legislature appropriated \$50,000 in Act 218, 1974 Session Laws of Hawaii, for the establishment of a women's studies program during fiscal year 1974-75. A program proposal for women's studies was approved by the Board of Regents in April of 1975 and the formal program began in Fall of 1975.

Since the Fall of 1974, the women's studies program has been operating with only one full-time person and four half-time persons since constrained budgetary resources at the University has caused the deferral of expansion funds for this program. Your Committee finds that, while the half-time faculty members have exhibited much dedication in their efforts to develop the program, full-time positions are needed to give the program a solid basis for growth.

Your Committee, cognizant of the limited resources of the State, has amended the bill by inserting the amount of \$48,200 in lieu of \$100,000 to fund three rather than six positions.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 2372-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2372-78, H.D. 1 and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 153-78 Health on H.B. No. 1990-78

The purpose of this bill is to reappropriate \$202,000, the unencumbered balance of the appropriation for grant-in-aid to Kahuku Hospital for operating expenses (SUB 601, Part V, Section 90, Act 10, Special Session Laws of Hawaii 1977). The amount reappropriated would be expended for the purpose of subsidizing the hospital's operational cash losses in fiscal year 1978-79 and any unencumbered funds as of June 30, 1979, shall lapse.

The Kahuku Hospital has a very important role in the Koolauloa Community, providing emergency and routine care to residents of rural Oahu. They treat many persons in need of medical services who are unable to pay, as well as visitors and transients.

Your Committee is in agreement that support of this facility should be continued until the community population increases and the economic base is secure enough so that they will be able to function effectively on their own. The Department of Health shall continue to monitor the operation.

Your Committee has amended Section 1 of this bill inserting "\$202,000 of" to indicate the amount of unencumbered funds to be reappropriated.

Your Committee has further amended this bill by inserting "any unencumbered funds as of June 30, 1979, shall lapse".

Your Committee on Health is in accord with the intent and purpose of H.B. No. 199-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1990-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Baker.

SCRep. 154-78 Water, Land Use, Development and Hawaiian Homes on
H.B. No. 2099-78

The purpose of this bill is to amend Section 189-1, Hawaii Revised Statutes, to include marine plants and seaweeds under the purview of this Section.

Under the existing law, any person who is issued a commercial fishing license may sell or offer for sale any species of saltwater fish, shellfish, crustaceans, or other marine animals or products of any size. The license was also issued to persons selling edible marine plants or seaweeds on the premise that seaweeds were a form of marine product.

However, a decision rendered by the District Court of the First Circuit, Honolulu Division on July 1, 1976 involving a person who was charged with selling seaweed without a commercial fishing license resulted in a dismissal of the charge. The Court's action was based on a determination that seaweeds are not marine animals or products thereof. Because of this decision, persons engaged in the sale of seaweeds are presently not required to purchase commercial fishing licenses.

Your Committee feels that a commercial fishing license should be required for the sale of seaweeds so that essential information for the management of the seaweed resource may be collected through the established commercial catch reporting system. This can be achieved by simply amending the definition of fish as used in Section 189-1, Hawaii Revised Statutes to include all marine life.

Your Committee on Water, Land Use, Development and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 2099-78 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 155-78 Health on H.B. No. 1991-78

The purpose of this bill is to appropriate \$37,000 for the replacement of radiographic tubes and radiology equipment for Kahuku Hospital, Kahuku, Oahu.

According to testimony by the Department of Health, the radiological equipment at Kahuku Hospital is not only obsolete but is on the verge of outright failure. X-ray

equipment is an indispensable diagnostic unit in an acute care facility directly affecting the ability of the physicians thereby endangering patient care should the equipment fail.

Upon hearing the testimony, your Committee finds that the radiologic tubes and automatic film processor, not the unit itself, is in need of replacement.

Your Committee has amended Section 1 of this bill by inserting the words radiographic tubes.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1991-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1991-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Baker.

SCRep. 156-78 Housing on H.B. No. 2891-78

The purpose of this bill is to amend Section 516-7 Hawaii Revised Statutes, to provide that, without regard to Chapters 76, 77, and 78, the Hawaii Housing Authority may hire persons on a contractual basis when their services are unique and essential to the execution of the functions of the Authority.

Testimony received from the Hawaii Housing Authority indicated that hiring professional staff on a contractual basis will alleviate staffing problems anticipated as a result of the expansion of the Land Reform program to its full potential.

The bill also extends the provisions of Section 516-7 to Chapter 78 as far as appointing and removing administrative, technical and clerical staff.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 2891-78 and recommends that it pass Second Reading and be referred to the Committee on Public Employment and Government Operations.

Signed by all members of the Committee except Representative Baker.

SCRep. 157-78 Housing on H.B. No. 2618-78

The purpose of this bill is to grant to the Hawaii Housing Authority the power, with the consent of the governor, to issue revenue bonds in its own name, in an aggregate amount not to exceed \$22,500,000. The bonds issued by the Authority under this section would bear interest, reach maturity at any date not exceeding forty years from the date of issuance, and be sold for not less than ninety-five per cent of the principal amount thereof. Money received from the issuance of these bonds would be paid into a separate, new fund, and not into the existing dwelling unit revolving fund.

Testimony presented by the Hawaii Housing Authority and the Special Assistant to the Governor on Housing stated that revenue bonds of the type authorized by this bill do not count toward the debt ceiling of the State of Hawaii and are tax-exempt.

The Hawaii Housing Authority testified that this bill is an emergency measure, the result of discontinuation of all available Program 23 GNMA funding in September 1977 and the institution of new HUD Section 11(b) regulations in January 1978. HUD has given the State of Hawaii until April 30, 1978 to secure assured and adequate long-term low interest rate financing for its Section 8 housing. If the state cannot obtain financing, all Section 8 housing assistance allocation set-asides will be lost. It was estimated by the Authority that the cost to the consumer, if these funds were lost and the agency is not given power to issue bonds, would be over \$5 million.

Further testimony indicated that if the Authority is permitted to issue the bonds, it would immediately use the moneys obtained to finance three housing projects. Federal matching funds for these projects have been conditionally committed pending the availability of long-term financing. An additional two projects utilizing the HUD Section 8 funds and bond revenues generated under this section are contemplated in the near future. Without the power to issue these bonds, all available federal funding on the first three projects would be lost, as no other form of long-term financing is currently available.

Your Committee finds that, at the present time, over 30 housing agencies in other

states, including such fiscally conservative states as New Hampshire and Vermont, are issuing housing revenue bonds. As in the case with the proposed bill, these bonds are not obligations of the state and are serviced by the revenues generated by the housing project. These rental housing projects are secured, assisted, and insured by the federal government through various available programs, including HUD Section 8 and FHA insurance.

Your Committee further finds that the sale of revenue bonds under this bill can be effected solely for projects which have FHA-insured mortgages and HUD Section 8 long-term rental assistance payment contracts. Your Committee believes that the solvency of the projects will be guaranteed by the FHA mortgage insurance, since the FHA will be primarily liable if a project fails. Your Committee further believes that the long-term rental assistance contracts, which will guarantee rental payments of periods of at least 20 years, will ensure a regular cash flow. No bonds will be saleable unless there has been complete disclosure of all details of the project to be so funded, and unless there has been firm federal commitment for both HUD Section 8 rental assistance payment contracts and FHA mortgage insurance.

Your Committee on Housing has amended this bill by deleting paragraph 1, page one, "Additional powers." The Committee does not believe the deletion of this provision will impair the ability of the Authority to issue revenue bonds.

Your Committee has further amended H.B. No. 2618-78 by deleting subsection (5), pages 2 and 3 of the bill. Testimony received by the Authority indicated this provision was unnecessary and your Committee concurred.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 2618-78 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2618-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Baker.

SCRep. 158-78 Tourism on H.B. No. 1897-78

The purpose of this bill is to provide funds for needed improvements in Waikiki.

Your Committee finds that Waikiki is the focal point of Hawaii's visitor industry. However, as a mature visitor destination area, Waikiki has special needs for improvements and public facilities. Rapid growth over the past decade has placed tremendous demands upon the existing infrastructure in Waikiki.

Your Committee recognizes and concurs that Waikiki must be upgraded and continuously maintained if it is to compete successfully against foreign and domestic areas. The upgrading and maintenance of Waikiki is important to resident attitudes toward tourism in Hawaii as well as the quality of life experienced by those who live in the area.

Your Committee seriously believes that should maintenance and upgrading be stopped, detrimental factors such as those seen in Atlantic City and presently in Miami Beach will result. Furthermore, should the State wait until upgrading becomes necessary, funds needed for such projects will be exorbitantly high and recovery time for the area will be extremely slow.

Your Committee is highly optimistic that government expenditures to improve Waikiki's infrastructure will encourage private developers and landowners to refurbish, renovate, or rebuild existing facilities in Waikiki, thereby improving the overall quality of the environment.

Your Committee on Tourism is in accord with the intent and purpose of H.B. No. 1897-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Abercrombie.

SCRep. 159-78 Agriculture and Water, Land Use, Development and Hawaiian
Homes on H.B. No. 1904-78

The purpose of this bill is to increase the minimum agricultural lot size within agricultur:

districts from one to two acres.

This bill is part of the Governor's legislative package for selective growth management, and is aimed at the strategy, preventing conversion of agricultural lands to urban, particularly on Oahu.

There is considerable evidence that the larger the lot size after subdivision, the more likely it will remain in agricultural use. The Department of Agriculture testified that a two acre minimum lot size will contribute toward agricultural land preservation.

Your Committees on Agriculture, and Water, Land Use and Hawaiian Homes, is in accord with the intent and purposes of H.B. No. 1904-78, and recommends it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 160-78 Tourism on H.B. No. 1822-78 (Majority).

The purpose of this bill is to provide a vehicle by which the State will work with the visitor industry and all other government agencies associated with tourism to coordinate and implement comprehensive policies to achieve the State's desired goals and objectives of attaining a high quality of life for the people of Hawaii.

Fulfillment of this purpose is to be initially achieved by establishing an office of tourism headed by a director within the Department of Planning and Economic Development for administrative purposes only.

Your Committee notes that the visitor industry is a major component of the economic base of our State and makes a significant contribution to income and employment within our community. Over the past ten years, tourism has replaced agriculture as the State's number one industry, and is the State's first multi-billion dollar enterprise. Your Committee feels that we are in a period when the need for participation in establishing guidelines for orderly future growth is recognized by all levels of government and sectors of the visitor industry.

Your Committee feels that the growth of the visitor industry must take into consideration not only the needs of the industry, but the needs of the community as well. Your Committee believes that there is a special need for the State government to take an active role to set directions and standards for both the public and private sectors of the visitor industry so that we may preserve or enhance our unique quality of life in Hawaii.

Your Committee is cognizant of the many problems related to this complex and very fragile industry. Your Committee strongly feels that a director is needed to coordinate and review the overall "picture" of the tourism industry to lend a new and enlightened perspective to the many challenges at hand. The new director of this office will need to come up with some new and viable alternatives that will provide the industry with a more comprehensive and coordinated basis for direction. He will be responsible for coordinating all agencies and advising the private sector in development of tourist-related activities and resources; update a ten-year planned growth policy plan for tourism with the advice of a visitor industry council; recommending to the legislature necessary legislation to implement the ten-year quality growth policy including the coordination of activities of the tourist industry; arrange for the conduct of research through contractual services with any agency or qualified persons concerning the various aspects of tourist development; recommend programs and projects to various agencies for the implementation of the ten-year planned growth policy for tourism; provide technical and other assistance to public agencies, private industry, and other persons upon request; establish a public information program to inform the public of tourism and its complex-related problems; encourage the development of educational, training, and career counseling programs; perform other necessary or desirable functions to facilitate the intent of this chapter; and adopt necessary rules for the purposes of this chapter.

Legislative adoption will be required for the ten-year planned growth policy which shall be developed by the Office of Tourism in conjunction and agreement with the visitor industry council and presented to the legislature twenty days prior to the convening of the regular session of 1979 for legislative review, modification, and where appropriate, adoption by concurrent resolution.

The visitor industry council shall hold public hearings in each county on the proposed

policy plan prior to adoption by the legislature.

In this new chapter, provisions have been made for the annual evaluation of the ten-year planned growth policy plan. The evaluation shall be conducted by the director of tourism and the visitor industry council and shall be submitted annually to the governor and the legislature.

The director of tourism will be provided with the authority to contract for services with the Hawaii Visitors Bureau and other tourist-related organizations for the promotion of tourism. Required by this new chapter is an evaluation of public expenditures by the director and a report submitted to the legislature with his recommendations.

The director's salary is further established by this chapter which shall be comparable to that of a second deputy director and requires the director to hire necessary personnel which shall be exempt from civil service status to carry out the purposes of this Act.

House Bill No. 1822-78 further amends section 201-27 of the Hawaii Revised Statutes relating to the Department of Planning and Economic Development's activities concerning the promotion, development, and coordination of tourist-related activities and requires that the Department of Planning and Economic Development's recommendations for coordination of tourist facilities and state recreation areas be made to the director of tourism. With the cooperation of the Department of Land and Natural Resources, the director of planning and economic development is further required to plan and recommend means for establishing a comprehensive system of state parks throughout the state for the use and enjoyment of both residents and visitors, subject to the approval of the director of tourism.

The Office of Tourism established by this Act shall succeed to all the functions, rights and powers exercised, and all of the duties and obligations incurred by the Department of Planning and Economic Development in the administration, management, control, operation and implementation of its duties and functions established by this Act and transferred to the Office of Tourism hereby, whether the powers, duties, and obligations are mentioned in or granted by any law, contract, or other document.

After holding a public hearing on this matter and in light of the testimonies received, your Committee recommends the following amendments:

1. Sec. -4 Visitor industry council.

- (1) Seven representatives of the visitor industry appointed by the governor.

Your Committee feels that to have proper input from the industry, there must be adequate representation on the advisory council of members who possess technical knowledge of the industry. Your Committee finds that the visitor industry is a diverse industry composed of hotels, airlines, ground transportation, tour operators, marketing and promotion organizations, U-drives, restaurants, etc. and it is very important that these aspects of the industry know the complex day to day operations to best advise the director. Each segment of the industry has their own unique and unusual problems that require proper identification. Therefore, your Committee has amended the number of representatives from four to seven.

2. Sec. -4 Visitor industry council.

- (3) Five representatives of the public appointed by the governor, one of whom the governor shall designate as chairman.

Your Committee feels that there should be adequate input from the public sector and has therefore amended the number from three to five.

3. Sec. -4 Visitor industry council.

- (4) The mayor or his designated representative from each county government, who shall be an ex-officio member.

Your Committee feels that the representative for each county government should be left to the prerogative of each mayor.

Your Committee proposes and recommends to the governor the following selection process for the visitor industry council:

The visitor industry members should have representatives from each of the following

groups: American Society of Travel Agents (Hawaii Chapter), Hawaii Hotel Association, Hawaii Sightseeing Association, Hawaii Visitor Bureau, Honolulu Airlines Committee, and the Waikiki Improvement Association. Each will nominate three names to the governor and he shall select from the nominees presented.

The representatives of organized labor will follow the same format as the visitor industry selection process.

There will be five public members on the council, with at least one representative from each county. The mayor of each county shall nominate three names from the public sector to the governor, and he shall select from the proposed list presented to him.

4. Sec. -5 Council functions.

- (2) Review the policy plan for tourism and any amendments or updatings thereto proposed by the director, which policy plan and amendments or updatings shall be subject to the approval by a majority vote of all voting members of the council before submittal thereof by the director to the legislature for adoption.

Your Committee has been made aware of the problems that may arise between the advisory council and the director. Therefore, to ensure that the advice and input of the council be taken into consideration, your Committee has proposed this amendment.

5. Sec. -6 Policy plan for tourism; legislative adoption.

- (a) Any plan, or amendment or update thereto, must be approved by the majority of the voting members of the council before the director submits the plan, or amendment or update thereto, for adoption by the legislature. A ten-year policy plan shall be submitted to the legislature twenty days prior to the convening of the regular session of 1979 for legislative review, modification, and where appropriate, adoption by concurrent resolution. Subsequent amendments and updatings of the policy plan shall also require review, modification, and where appropriate, adoption by the legislature.

Your Committee has proposed this amendment to have uniformity with the previous section -5, and to ensure the legislature sufficient time for review.

Your Committee on Tourism is in accord with the intent and purpose of H.B. No. 1822-78, as amended herein and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1822-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.
(Representative Abercrombie did not concur).

SCRep. 161-78 Energy and Transportation on H.B. No. 3062-78

The purpose of this bill is to provide funds for an improved access road to the Ho'omaluhia Wilderness Park and Flood Control Dam from Kamehameha Highway in the vicinity of the Halekou Interchange.

The access provided by this bill will be safer than the access utilizing Luluku Road which goes through the Keapuka subdivision.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H. B. 3062-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 162-78 Water, Land Use Development and Hawaiian Homes and Culture and the Arts on H.B. No. 2358-78

The purpose of this bill is to provide funds as a grant-in-aid to the Daughters of Hawaii for the restoration and preservation of Hulihee Palace in Kalua-Kona, Hawaii.

Hulihee, built in 1838 by Governor Kuakini, is listed on both the State and National Register of Historic Places. From 1926 to 1974 the Daughters of Hawaii have operated

and maintained Hulihee as a teaching museum under an executive order agreement, signed by Governor Wallace Farrington. In 1976, restoration funds for an eroding sea wall was raised by the Daughters without help from the State or Federal Government. The cost of this construction was \$46,393.01.

In 1976, phase I of the restoration of Hulihee Palace was started and completed by November of that year. The total cost of this phase was \$149,167.69, of which \$67,068.00 was a National Park Service grant-in-aid under the National Preservation Act of 1966. The State's commitment was \$20,000.00. The Daughters of Hawaii raised the remaining \$62,099.69.

The \$400,000 requested in H.B. No. 2358 represents the total cost monies \$56,000 which is a grant-in-aid from the National Park Service for the interior restoration of the Palace. The remaining funds will be used to reconstruct Kalakaua's kitchen, construct the caretaker's new cottage, carport and driveway; construct a utility building, landscaping, and repair and paint the existing flag pole.

Under a 65-year lease agreement signed in 1973 with the State of Hawaii by its Board of Land and Natural Resources, the Daughters of Hawaii will continue as managers and caretakers of Hulihee Palace. According to the provisions of the agreement, all improvements of any kind must first receive the approval of the Board of Land and Natural Resources.

Your Committees on Water, Land Use Development and Hawaiian Homes and Culture and the Arts are in accord with the intent and purpose of H.B. No. 2358-78, and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 163-78 Agriculture on H.B. No. 2272-78

The purpose of this bill is to provide for a placement of a vegetable crop researcher on a full-time basis at the Kula Branch Station, College of Tropical Agriculture. Currently, a plant pathologist is assigned to work on a part-time basis on an integrated vegetable disease control.

Your Committee has found that the vegetable crop industry is an important and growing entity on Maui. Last year, the island produced approximately 3.9 million dollars worth of vegetables and the amount is climbing steadily. The volume sales represent some 25 percent of Hawaii's vegetable and melon market needs.

Current demands from vegetable farmers on Maui have accelerated accordingly.

The 1977 session of the legislature has approved a permanent civil service technician and this position has been included in the Governor's supplemental request for fiscal year 1978-79.

Your Committee has amended this bill by providing an appropriation of \$30,000 for a full-time vegetable research scientist position at the Kula Branch Station on Maui, and supporting funds of \$100,000 for operational, equipment and capitol improvement needs.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 2272-78 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2272-78, H.D. 1 and be referred to be Committee of Finance.

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

SCRep. 164-78 Agriculture on H.B. No. 2271-78

The purpose of this bill is to appropriate funds to hire three additional personnel to staff the Kona Experiment Station, including one plant crop agent and two field personnel to meet the demands for services now requested by Kona farmers.

Your Committee finds that the current workload of the station fully justifies the positions, especially since the Kona District, which is roughly the size of the Island of Oahu, has only one plant crop agent to serve between 700 to 1,000 farmers.

Your Committee finds that Hawaii County produces 89 per cent of Hawaii's avocado crop and 58 per cent of its cucumber crop, with almost all of the production coming from the Kona area. Kona also produces most of the State's entire crop of winter tomatoes.

In addition, your Committee finds the Kona Coffee industry is making a resurgence, with production in the last two years increasing by 31 per cent, and the Kona District has 2,000 acres of macadamia nuts under cultivation.

A new agricultural park at Ke-Ahole is now being developed, which will provide a new potential for ornamental crops, and guava and several other crops have shown excellent potential in the Kona climate.

Your Committee finds the movement towards diversified agriculture in Kona and its vast potential for further diversification has significantly increased the demands for services and active experiments at the experimental station.

Your Committee has amended this bill by providing an appropriation of \$50,000 to provide for one plant crop agent and two additional civil service positions and personnel.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 2271-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2271-78, H.D. 1, and referred to the Committee on Finance.

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

SCRep. 165-78 Higher Education on H.B. No. 2918-78 (Majority).

The purpose of this bill is to provide funds to support the Law of the Sea Institute.

The Legislature finds that proclamation of a federal 200-mile marine economic zone around U.S. coastal waters has raised questions of Hawaii's jurisdictional or ownership rights relating to specific marine resources. Consequently, a need arose to provide constructive input in any proposed law of sea regulations which would affect the State's social and economic development before the U.S. government's ratification of any international agreement.

The Law of the Sea Institute is internationally known for its scholarship and its central role in promoting study, research, analysis, and understanding on matters of ocean law, politics and technology. To fund this program, \$30,000 per year is provided by the Office of Sea Grant and \$23,000 is provided by the University in accordance with an Agreement of Organization and Purposes which is a four-year commitment by the University to provide certain in-kind (personnel and facilities) and monetary support of at least \$23,000 per year. Last year, the Legislature appropriated \$23,000 to meet this commitment. Your Committee finds, however, that funding to meet this commitment was not included in the University budget for fiscal year 1978-79.

The bill has been amended by inserting the amount of \$24,150 for the Law of the Sea Institute and by adding a lapsing clause in Section 2.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 2918-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2918-78, H.D. 1 and be referred to the Committee on Finance.

Signed by all members of the Committee.
(Representative Abercrombie did not concur).

SCRep. 166-78 Higher Education on H.B. No. 2838-78

The purpose of this bill is to provide funds for general repairs of the College Hall Building of the University of Hawaii at Hilo.

Testimony presented by Chancellor Mookini revealed that the planning emphasis at the University of Hawaii at Hilo has been on new facilities for which funds have been appropriated. As a result, only minor upkeep using prior appropriations was planned for those old buildings which would be replaced by the new ones and repair and maintenance funds were not included in the budget. Further, your Committee finds that the long

delays of several projects have caused an acute problem of repair and maintenance, not only with College Hall but with Wentworth Hall and the gym.

The bill has been amended to provide an appropriation of \$350,000 and to broaden the scope of the appropriation by including the words "and other facilities" after the word "Building" in Section 1 and the title.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 2838-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2838-78, H.D. 1 and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 167-78 Higher Education on H.B. No. 2277-78

The purpose of this bill is to provide an additional appropriation in furtherance of the purposes of Act 191 of 1974 relating to the establishment of a college of agriculture at the University of Hawaii-Hilo.

Already a total of \$1,100,000 has been appropriated, but, at the present time, the project design plans for the college are still in its final stages and are scheduled for release by the University of Hawaii for further processing and project initiation by the Department of Budget and Finance and Accounting and General Services for the 1978-81 budget request.

There is no doubt that agriculture is of extreme economic importance to the State of Hawaii as well as, in particular, to the County of Hawaii and that a stable agricultural industry of diversified crops is needed to meet the demands of an increasing population and to contribute towards balancing the outflows of moneys from the State. Despite wide fluctuations, the trend in the agricultural industry's gross revenues has increased over the past several years to about \$322 million of which pineapples and sugar comprised a major percentage. Although a near self-sufficiency has been attained in some areas, such as egg and milk production, dependency on imports does exist in other areas. For example, 60% of our fresh fruits and 65% of our red meats must still come from outside of the state.

One of the major objectives of the college of agriculture in Hilo will be to achieve this diversification of agricultural products and to assist its expansion, so that it makes a vital contribution to the economy, in addition to providing a truly viable existence for independent farming in the State.

Towards this goal, the University of Hawaii is proposing that the college of agriculture facilities will be including not only classroom space but a farm laboratory, the latter of which is considered a necessity. This farm laboratory will enable students to engage in actual crop and livestock operations of a farm, so that they may enter commercial farm operations with a minimal training period. Plans also include making the farm as self-sufficient as possible, thereby not depending totally on public funds by selling its crops and products. Safeguards will be taken, however, to avoid unfair competition with independent producers.

Enterprises to be undertaken will be those considered feasible to the Hilo area: macadamia, papaya, swine, vegetables and the like. Enterprises considered infeasible like coffee, pineapple and mango, will not be undertaken except for purely demonstration or exhibition purposes. Further, each enterprise planned will be of a size large enough to earn an income sufficiently high to support an independent farmer and his family at a reasonable standard of living.

Your Committee, in full support of these plans to add a farm laboratory since the integration of classroom learning and field situations will mean a well-rounded instructional experience, recommends this bill be amended by providing \$50,000 for the planning of a farm laboratory facility at the College of Agriculture.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 2277-78 as amended herein, attached hereto as H.B. No. 2277-78, H.D. 1 and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 168-78 Culture and the Arts and Higher Education on H.B. No. 2481-78

The purpose of this bill is to provide \$88,200 for seven full-time positions for Hawaii Public Television. (REG 701)

In October of 1978, the Public Broadcasting Services satellite interconnection system will be activated.

Activation of this statewide transmission system means an increase in workload of 100%. In order to maintain compliance with the standards and requirements of the Federal Communications Commission, at least three of the seven positions requested must be filled. These are:

1. Television Engineer (\$17,500) to assist in the servicing and maintenance of the expanded transmission system.
2. Clerk-typist for Programming (\$8,000) to assist in the logging of programs.
3. Graphics Artist (11,700) to assist with set and prop construction, animation techniques, artist effects for television programs, and design and layout of promotional and other printed materials. This position was one of four authorized and approved by the 1976 Legislature but never funded.

The seven positions requested by the Hawaii Public Broadcasting Authority represent basis core-staff positions needed by the Authority to operate in an economical, efficient and professional manner.

Your Committees on Culture and the Arts and Higher Education are in accord with the intent and purpose of H.B. No. 2481-78 and recommend that it pass Second Reading, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee.

SCRep. 169-78 Culture and the Arts on H.B. No. 2595-78

The purpose of this bill is to appropriate \$20,000 of general revenues for a grant-in-aid to the Honolulu Theater for Youth for workshops and residency programs in isolated areas of the neighbor islands and rural Oahu.

Your Committee has amended Section 1 of the bill to clarify the fiscal year in which the monies are to be allocated. Section 2 has been amended to identify, by code, the expending agency.

Your Committee on Culture and the Arts is in accord with the intent and purpose of H.B. No. 2595-78, as herein amended, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2595-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 170-78 Culture and the Arts on H.B. No. 3064-78

The purpose of this bill is to provide \$35,000 for the operations and maintenance of the Multicultural Center.

Upon consideration of the testimony, your Committee has amended Section 1 of the bill to establish a contractual relationship between the State of Hawaii through its agent, the Hawaii Foundation for History and the Humanities for fiscal year 1978-1979. Section 1 is further amended to reflect the Committee's intention that these monies be expended for programs rather personnel. The amended section would read as follows:

"Section 1. There is appropriated out of the general revenues of the State of Hawaii the sum of \$35,000, or so much thereof as may be necessary, to contract for the services of the Multicultural Center to develop programs in ethno-cultural preservation."

The contractual arrangement assures the State, ownership of all project-related materials, whether complete or incomplete.

Section 2, line 6, has been amended to indentify, by code, the program area of the appropriate expending agency.

"Section 2. The sum appropriated shall be expended by the department of budget and finance (BUF 802) for the purposes of this Act."

Your Committee is in accord with intent and purpose of H.B. No. 3064-78, as herein amended, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3064-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 171-78 Culture and the Arts on H.B. No. 2692-78

The purpose of this bill is to provide funds for a grant-in-aid to the Ensemble Players Guild.

The Ensemble Players Guild is a non-profit organization that presents resident musical artist in programs featuring works for small instruments, small ensemble and chamber orchestra. The Guild is unique in that it is the only association in the State that produces and presents educational and public ensemble programs for the schools, hospitals and the general public on continuing year-round basis.

Your Committee has amended the bill to provide \$10,000 as a grant-in-aid for fiscal year 1978-1979. The bill has also been amended to identify the program area of the appropriate expending agency.

Your Committee on Culture and the Arts is in accord with intent and purpose of H.B. No. 2692-78, as herein amended, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2692-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 172-78 Culture and the Arts on H.B. No. 2644-78

The purpose of this bill is to provide funds for a grant-in-aid to the Honolulu Symphony for limited educational services throughout the State.

At a prior hearing held on January 20, 1978, the Honolulu Symphony submitted a request for \$250,000 for statewide educational concerts. In view, however, of the State's overall budgetary constraints, your Committee has amended the bill to include an appropriation of \$100,000 as a grant-in-aid for fiscal year 1978-1979.

Your Committee has amended the bill further, to identify the program area of the appropriate expending agency.

Your Committee on Culture and the Arts is in accord with the intent and purpose of H.B. No. 2644-78, and herein amended, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2644-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 173-78 Culture and the Arts on H.B. No. 2577-78

The purpose of this bill is to provide a grant-in-aid to the Kalihi-Palama Culture and Arts Society.

The Kalihi-Palama Culture and Arts Society, an original Model Cities Project, incorporated as an independent entity in 1972.

The Society develops and implements programs and activities to meet the cultural needs and to enrich the cultural climate of the community neighborhood areas.

Programs under the Society consists of comprehensive and coordinated activities which provide opportunities for education and training not only in culture and arts,

but in program services, publicity and resources.

Your Committee has amended Section 1 of the bill to provide \$60,000 as a grant-in-aid to the Kalihi-Palama Culture and Arts Society. Section 2 is amended to provide for the unused portion of the appropriation.

Your Committee on Culture and the Arts is in accord with the intent and purpose of H.B. No. 2577-78, as herein amended, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2577-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 174-78 Culture and the Arts on H.B. No. 2511-78

The purpose of this bill is to provide \$100,000 as a grant-in-aid to the Bishop Museum.

Established in 1889 by Charles Reed Bishop, the Bishop Museum was designated as the depository for specimens and objects of natural, botanical, ethnological, architectural, historical or archeological value or interest first in 1921 through an Act by the Territorial Legislature and, in 1976, through Act 104 (Hawaii Revised Statutes, Chapter 6E, Section 6).

In addition to its role as a depository, the Bishop Museum is a major cultural and research resource in Hawaii whose activities cover four major areas: collections, research, publications, and exhibits.

Your Committee finds that less than 16% of the Museum's income is derived from its limited trust (not to be confused with the Bishop Estate). The remainder is from private and federal grants and a self-generating source (admissions, shop sales and others) which cannot be anticipated as sufficient to meet the growing needs.

Your Committee has amended Section 2 of the bill to identify, by code, the appropriate expending agency.

Your Committee on Culture and the Arts is in accord with the intent and purpose of H.B. No. 2511-78, as herein amended, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2511-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 175-78 Culture and the Arts on H.B. No. 2538-78

The purpose of this bill is to appropriate \$76,500 for the continuation of the "Rice and Roses" series on television.

"Rice and Roses", a labor education series, was first introduced on television in 1971 with a series of 13 programs dealing with the concerns, organizations, activities and history of labor in Hawaii.

Your Committee is cognizant of the vital effect of the collective bargaining process on the citizenry of our State, as a large portion of our labor force belongs to and are represented by a variety of trade unions. Your Committee is equally aware of the perspectival and philosophical alternatives provided by this series that otherwise does not exist in commercial programming.

Your Committee has amended Section 3 of the bill by providing that the funds be expended by the center for labor education and research (UOH 101). This would assure continuity of the program's quality and educational value consistent with the provisions of Act 202, SLH 1976.

Section 3 has been amended further to clarify the fiscal year for which the monies are to be allocated.

Your Committee on Culture and the Arts is in accord with the intent and purpose of H.B. No. 2538-78, as herein amended, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2538-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 176-78 Culture and the Arts on H.B. No. 2674-78

The purpose of this bill is to provide \$80,000 of general revenues for the Theatre for Youth for a neighbor island program.

Your Committee has amended Section 1 of this bill to clarify the fiscal year for which the monies are to be allocated.

Your Committee on Culture and the Arts is in accord with the intent and purpose of H.B. No. 2674-78, as herein amended, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2647-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 177-78 Culture and the Arts on H.B. No. 2889-78

The purpose of this bill is to provide a grant-in-aid to the Hawaii Council on Portuguese Heritage (HCPH).

HCPH is a non profit organization representing seven groups in Hawaii. Formed in December of 1977, the Council's purpose is to preserve, perpetuate and further the culture of Portuguese people in Hawaii by encouraging, supporting and coordinating activities which promote the culture, and by sharing these cultural resources with the general public.

In a program budget submitted to your Committee, the Council's request for \$21,000 includes the initial costs required for establishing this program.

Your Committee has amended Section 1 of the bill to provide \$21,000 as a grant-in-aid for fiscal year 1978-1979. Section 2 has been amended to identify the program code of the expending agency.

Your Committee on Culture and the Arts is in accord with the intent and purpose of H.B. No. 2889-78, as herein amended, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2889-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 178-78 Culture and the Arts and Higher Education on H.B. No. 2760-78

The purpose of this bill is to provide \$40,000 for the Pacific and Asian Affairs Council (PAAC) for 1978-1979.

PAAC is a statewide world affairs program for high school students interested in increasing their knowledge and understanding of Asian and Pacific peoples, cultures and affairs. The program is designed to supplement and complement the curriculum in Hawaii's public and private secondary schools.

Your Committees on Culture and the Arts and Higher Education are in accord with the intent and purpose of H.B. No. 2670-78, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 179-78 Higher Education on H.B. No. 1914-78

The purpose of this bill is to exempt the purchase of resale merchandise by the University of Hawaii Bookstores from the public advertisement requirements of Section 103-22, Hawaii Revised Statutes.

The University Bookstores are the only retail operation within the State and are required to be self-supporting. The need for the requested exemption arises from the nature

of retail operations.

In retail, the items in stock must be the items that customers will buy, or the enterprise will fail. To the extent possible, retailers seek to procure their merchandise from its primary source: the manufacturer. Retail customers buy on the basis of price, style, performance, and other special characteristics of an item. This boils down to brand name in the case of merchandise such as a calculator, and title in case of a book. In either case, the most economical, and often the only, source is the manufacturer or publisher of that item or book; thus advertising for bids would be pointless.

While present law does allow the State Comptroller to make "sole source" determinations, this provision involves cumbersome procedural steps and does not allow sufficient flexibility for a retail operation. To take advantage of bargain opportunities and to ensure the timely availability of needed books and other merchandise, our bookstores need the ability to purchase their merchandise in accordance with retail practices.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 1914-78 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 Evans.

SCRep. 180-78 Education on H.B. No. 2184-78

The purpose of this Bill is to appropriate the sum of \$60,000 to provide books for Mililani Library.

Your Committee finds that library services should be made available to everyone and that additional library resources should be distributed to growing areas.

Your Committee further finds that there is a need for more books at Mililani Library. The population in the Mililani area is increasing rapidly, thereby necessitating increased library services.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 2184-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 181-78 Education on H.B. No. 2350-78

The purpose of this bill is to appropriate the sum of \$61,046.00 for equipment, curricula materials, facilities, and staffing for the Honokaa-Kohala Alternative Program.

Your Committee finds that an alternative program servicing students from Honokaa and Kohala High Schools is needed. Many of their students could be labeled as seriously alienated. This alienation results in poor attendance, disruptive behavior, and recurring academic failures. The special assistance needed by these alienated students is beyond existing resources. The goal of this alternative program is to ensure that each student is provided an opportunity to successfully complete his/her basic education.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 2350-78, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 182-78 Education on H.R. No. 180

The purpose of this Resolution is to request the Committee on Education to review the progress made by the Department of Education in providing for the active participation of teachers in management areas which would be enhanced by their involvement, such as in the planning for in-service training and in the school budget preparation and execution processes.

Your Committee finds that H.R. No. 42 entitled: "HOUSE RESOLUTION REQUESTING THE DEPARTMENT OF EDUCATION TO DEVELOP AND IMPLEMENT A PLAN FOR IN-SERVICE TRAINING WHICH ENCOURAGES A LARGE PARTICIPATORY ROLE FOR TEACHERS", H.C.R. No. 3 entitled: "HOUSE CONCURRENT RESOLUTION REQUESTING THE DEPARTMENT OF EDUCATION TO DEVELOP AND IMPLEMENT A PLAN FOR IN-SERVICE TRAINING WHICH ENCOURAGES A LARGE PARTICIPATORY ROLE FOR TEACHERS", and H.R. No. 288, H.D. 1, entitled: "HOUSE RESOLUTION REQUESTING THE DEPARTMENT OF EDUCATION TO INVOLVE TEACHERS IN THE PREPARATION AND EXECUTION OF ITS BUDGET", were adopted during the 1977 Legislative Session. In those House Resolutions and House Concurrent Resolution your Committee expressed the importance of teacher participation in management areas such as in the planning for in-service training and in the school budget preparation and execution processes. In response to H.R. No. 42, H.C.R. No. 3 and H.R. No. 288, H.D. 1, reports to the Ninth State Legislature, 1978 Session, were submitted on January 19, 1978.

In review of the Department of Education's response the H.R. No. 42 and H.C.R. No. 3, your Committee finds that the D. O. E. has initiated a plan to stimulate increased involvement of teachers through 1) improved information dissemination, 2) systematic feedback, 3) cadre training and 4) establishing a closer working relationship with the Hawaii State Teachers Association in this specific area. Your Committee further finds that the D. O. E. has begun to implement its plan with the following activities:

- 1) Established a close working relationship with the Professional Standards and Improvement of Instruction Committee of the HSTA in order to keep them informed of the D. O. E.'s procedures and offerings and to be informed of the membership's needs as reported to them;
- 2) Increased and systematized information flow to the districts and schools to better inform teachers of the opportunities available to request and design their in-service needs;
- 3) Devised improved forms, in cooperation with the College of Education, University of Hawaii, to receive greater teacher input on the kinds of in-service activities they would like to have;
- 4) Initiated procedures to receive teacher input for course offerings throughout the year;
- 5) Began developing an in-service handbook to ensure comprehensive and accessible information;
- 6) Refined the feedback system to keep teachers informed of the status of their requests for in-service assistance and to provide in-service participants the opportunity to directly influence the design of workshops they are attending;
- 7) Increased use of D. O. E. teachers as trainers to form trained cadres in particular program areas. Cadres are being used in such program areas as Career Education, Health, Reading, Hawaiian Studies, Special Education, and Counseling;
- 8) Encouraged the establishment and use of the teacher centers;
- 9) Began seeking federal funds to establish teacher centers;
- 10) Developed new procedures to coordinate activities to reduce in-service schedule conflicts and to record in-service data of non-credit, no-cost activities that are presently not being recorded;
- 11) Investigated various means to effect closer monitoring of in-service announcements; and
- 12) Investigated the use of the new teacher evaluation program, Project for Assessing Teachers in Hawaii, to determine the in-service training needs of teachers.

In review of the D. O. E.'s response to H.R. No. 288, H.D. 1, your Committee finds that the D. O. E. issued detailed instructions and procedures relative to teacher involvement in expending Basic Needs Funds in July, 1977 in the Resource Allocation and Budget Execution document for the Fiscal Year 1977-78. In addition, the D. O. E. issued guidelines for expending and reporting school-by-school Special Needs Funds for Fiscal Year 1977-78, in September, 1977. Your Committee further finds that the D. O. E. has developed

guidelines and appropriate budget forms for the preparation of budget requests for the biennium 1979-81 for both the Basic Needs and Special Needs Requirements of school level operations.

Your Committee has heard testimony from the D. O. E. regarding the progress made to increase teacher participation in the planning for in-service training and in the school budget preparation and execution processes. Your Committee has requested the D. O. E. to submit further information with more specific plans to increase teacher participation.

Your Committee on Education is in accord with the intent and purpose of H.R. No. 180 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 183-78 Agriculture and Water, Land Use, Development and Hawaiian
Homes on H.B. No. 2417-78

The purpose of this bill is to amend real property tax law for agricultural cooperative associations as provided for under the agricultural cooperative associations law, which will exempt real property taxes on the land, the building, improvements, and other capital investment on the facilities of the cooperative association.

Your Committees feels that by granting such real property tax exemption, cooperatives may have the option to obtain more centrally located business properties.

Your Committees expressed concern that agricultural cooperative lands which are in production of agricultural commodities should not be exempt from real property tax.

Your Committees has amended the new section of Section 2, Chapter 246, Hawaii Revised Statutes to read as follows:

"Sec. - Agricultural cooperative associations: exemption from real property taxes. Any other law to the contrary notwithstanding, an agricultural cooperative association meeting the requirements for agricultural cooperative associations as provided for in chapter 421 shall be exempted from the payment of real property taxes on buildings, improvements, other capital improvements, and land upon which such improvements are located, provided the exemption shall not apply to each capital improvements, facilities, and land which are utilized in any manner for the production of agricultural commodities.

Your Committees on Agriculture, and Water, Land Use and Hawaiian Homes are in accord with the intent and purpose of H.B. No. 2147-78 as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2417-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Fong and Poepoe.

SCRep. 184-78 Water, Land Use, Development and Hawaiian Homes on
H.B. No. 2022-78

The purpose of this bill is to propose the enabling legislation for the purpose of implementing an effective dam safety program to identify conditions which threaten the public safety and to allow the correction of these conditions in a timely manner.

Rather than initiate a program which will establish a new office to handle the program of dam safety, it is preferred to establish the dam safety program at the County level where programs of a similar nature are already existing. The dam safety program can be better handled by the counties with a minimum requirement for additional funding and personnel.

The bill has been amended by revising the definition of "dam" to conform to the definition used in Public Law 92-367 and enables the regulating agency to concentrate on those dams which can create a potential hazard. Dams outside of the definition are not considered to be a danger to human life or property.

The limitation of enactment of ordinances has been changed from one to two years because the preparation and enactment of ordinances of this type requires careful thought and the administrative procedures which allow for input from the general public may require

additional changes before the ordinances can be enacted.

The period to develop adequate guidelines for ordinances to implement the program of dam safety has been changed to 180 days, instead of 90. Your Committee felt that 90 days is too short a period to develop adequate guidelines.

Upon review of H.B. No. 2022-78, H.D. 1, your Committee has made a technical nonsubstantive amendment thereto by adding a word which had been inadvertently omitted.

Your Committee on Water, Land Use, Development and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 2022-78, H.D. 1 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2022-78, H.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 185-78 Consumer Protection and Commerce on H.B. No. 1963-78

The purpose of this bill is to bring the provisions dealing with group life insurance and credit life insurance into conformity.

Your committee has found that, presently, a conflict exists between those sections dealing with (1) group life and (2) credit life and disability. Under Section 431-573 (group life), the amount of insurance on the life of a debtor whose indebtedness is repayable in equal installments cannot exceed the amount owed by him. Under Section 435-4 (credit life and disability), the amount of insurance on the life of a debtor whose indebtedness is repayable in equal installments can be the scheduled amount or the actual amount of the unpaid indebtedness, whichever is greater. This conflict could be detrimental to some consumers.

The conflict between the two sections regarding the amount of insurance is clearly illustrated in a situation where a debtor dies with an actual indebtedness of zero but with a balance in his scheduled indebtedness. Under Section 431-573, the debtor would receive nothing since it prescribes that the amount of insurance shall not exceed the actual indebtedness. Your committee finds that this result is unfair because the paid premiums are based on the scheduled indebtedness. In fairness, his estate should receive the balance of the scheduled indebtedness notwithstanding the fact that his actual indebtedness is zero.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1963-78 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 Baker.

SCRep. 186-78 Legislative Management

Informing the House that House Resolution Nos. 356 to 365 and Standing Committee Report Nos. 187-78 to 214-78, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 187-78 Energy and Transportation on H.B. No. 1857-78

The increasing use and popularity of motor-driven bicycles necessitates the establishment of regulations and controls in the interests of safety and traffic efficiency for all persons using the public roadways. Among the problems that appear to have developed regarding the present law is the ambiguity of the requirements for bicycles powered by a motor.

Your Committee finds that the problem has been caused by placing this motor-powered device within the definition of a "bicycle" when it is not commonly considered to be a bicycle. The problem has been compounded by listing the requirements for this motor-powered device as special provisions and exceptions within the provisions for ordinary bicycles. In addition the present requirements for bicycles are not sufficient to permit adequate enforcement and safe operation of motor-driven bicycles.

Your Committee finds that the current confusion and ambiguity may be avoided by creating a separate, readily identifiable category for these bicycles, which are more familiarly called "mopeds." Accordingly, your Committee has amended the bill to provide for a new "moped" classification under "motor vehicles," deleting existing language in the laws relating to motor-driven bicycles. The new definition includes the basic unique characteristics of a moped as recommended by the Vehicle Equipment Safety Commission (VESC) and excludes moped from the definitions of motorcycle, motor scooter and bicycle and redefines those devices to conform to this bill.

Testimony presented by the City and County of Honolulu Police Department indicated that many moped operators are not familiar with the existing regulations concerning mopeds, often provoking substantial hazards to themselves, other motorists and pedestrians. Your Committee recommends including a separate part in Chapter 291C, Hawaii Revised Statutes, to provide special operating, equipment and performance requirements for mopeds.

This new part is titled "Special Rules for Mopeds" and makes the following provisions:

1. Sets a penalty for violation of the Rules and holds parents or guardians responsible for the actions of minors.
2. Subjects moped drivers to traffic laws applicable to motor vehicles, except as noted.
3. Requires a moped operator to have a valid driver's license which must be exhibited upon the demand of a police officer.
4. Establishes a minimum age of fifteen years for moped drivers, prohibits the carrying of passengers and restricts the carrying of packages on mopeds.
5. Regulates the driving of mopeds on roadways and prohibits driving of mopeds on sidewalks.
6. Prohibits a moped operator from attaching himself or the vehicle to any other vehicle.
7. Requires mopeds to use bike lanes, except where prohibited by the director of transportation.
8. Establishes a maximum operating speed of 35 miles per hour.
9. Prescribes lighting requirements for mopeds.
10. Provides requirements for renting or selling mopeds.
11. Sets equipment requirements for mopeds.
12. Requires moped sellers to furnish a certification showing compliance with equipment requirements.
13. Prohibits the defacing of serial numbers or identifying marks.
14. Prohibits the possession of a moped or moped part on which the serial number or identifying mark is defaced.
15. Restricts the modification of a moped motor.

It is your Committee's concern that while providing adequate regulation and ensuring safe operation, mopeds also continue to be an inexpensive and energy efficient form of transportation. Accordingly, your Committee has amended the bill to include the new moped definition in sections relating to bicycle registration fees and taxes.

Testimony by the Honolulu Police Department noted there is no current law requiring moped owners to carry insurance. The HPD cited examples of accidents involving mopeds in which the question of insurance coverage posed significant problems.

Your Committee also heard testimony by moped dealers indicating that insurance coverage mandated by law would impose a severe financial hardship on individual businesses and the entire moped industry.

Because the insurance question was not anticipated, there was no testimony presented by representatives of the insurance industry concerning the cost and feasibility of insuring mopeds.

Consequently, your Committee included mopeds under the definition of motor vehicles. It is now your Committee's understanding that under this definition mopeds would be subject to the provisions of the state's no-fault insurance law and that if H.B. No. 1857-78, H.D. 1 were enacted, mopeds would require insurance.

By including mopeds under the definition of motor vehicles, it is your Committee's intent that the Committee on Judiciary solicit and review testimony from the insurance industry regarding moped insurance coverage and costs. Due to unavoidable time constraints, the problem of insurance for mopeds could not be appropriately addressed or resolved in this Committee.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 1857-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1857-78, H.D. 1 and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representative Takamine.

SCRep. 188-78 Finance on H.B. No. 1771-78

The purpose of this bill is to allow an owner of real property to claim a property tax credit on a portion of the sewer charge assessed by a private sewer system.

While all counties, except Maui, levy sewer service charges for the use of public sewers and sewerage treatment facilities, these services are not available throughout the county and some taxpayers must utilize privately owned sewerage treatment services. This means that these property owners are in effect paying twice for the sewer services. This bill would refund to the property owners any amount paid to a privately operated system that is in excess of the comparable fee paid by users of the publicly owned system. This would equalize any sewerage property tax bills paid by all property owners whether or not using private or public facilities.

This bill amends the real property tax law, HRS Chapter 246, to allow a property owner, who is assessed a sewer charge by a private system, to claim a tax credit against the property taxes paid. The amount is equal to the difference between the annual county and the private sewer charges. The property owner shall not be entitled to a tax credit in excess of the owner's real property tax liability on the property subject to the private sewer system.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1771-78 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 189-78 Finance on H.B. No. 2480-78

The purpose of this bill is to lapse certain capital improvement appropriations which are unencumbered or which have not yet been lapsed by law.

Your Committee finds that in prior acts of the legislature appropriations have been made for a number of capital improvement projects for which there remain appropriations and appropriation balances which are unencumbered. The existence of these inactive appropriations, with the corresponding authorization to finance the appropriations through the issuance of general obligation bonds, obscures the true funded debt position of the State. Because the State funded debt includes not only outstanding bonds but also general obligation bonds which are authorized but unissued, it is prudent fiscal policy to limit unissued debt to active appropriations and to lapse those appropriations and those unencumbered balances of appropriations which are inactive. The effect of such action is to lower existing authorized but unissued debt and replenish the legal debt margin.

The bill has been amended to exclude those projects which the administration needs

more time to consider. These are projects which the Legislature deemed should lapse after June 30, 1979, and there appears sufficient reason to your Committee not to recommend lapsing before that date.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2480-78 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2480-78, H.D. 1 and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 190-78

Public Employment and Government Operations on H.B. No. 709

The purpose of this bill is to amend Section 802-12, Hawaii Revised Statutes, to convert to civil service status, all full-time employees in the Office of the Public Defender with the exception of the State public defender and assistant public defenders. Your Committee has amended the bill to exclude law clerks employed by the public defender from conversion to civil service status and has added additional language to clarify that with the exception of assistant public defenders and law clerks, all future full-time appointments shall be made pursuant to Chapters 76 and 77. Your Committee has also made technical amendments which are necessary to carry out the intent of the bill.

Testimony heard by your Committee revealed that the Public Defender's Office was established on July 1, 1971 as a State agency administratively attached to the Office of the Governor. In all respects, it is a permanent State legal agency which provides legal assistance to indigent persons charged with criminal offenses.

Your Committee finds that the functions of the Office require the services of investigative and clerical personnel who perform essentially the same duties as civil service investigative and clerical personnel in other State and county legal offices. The application of the civil service law to the Public Defender's Office would promote the salutary purpose of the civil service system by insuring that all investigative and clerical positions would be filled on the basis of merit, by encouraging career service through equal promotional opportunities and job security, and by establishing minimum standards of efficiency.

Your Committee finds further, that all of the investigative personnel and all but two of the clerical personnel currently employed by the Public Defender have been performing the duties of their positions for more than one year. In his written testimony, the State Public Defender attested that all have demonstrated their ability to perform their duties at a high level of efficiency. Therefore, your Committee believes that the twenty incumbents occupying the following positions should be converted to civil service status without the necessity of examination and accorded all the rights, benefits and privileges of employees with civil service status: one employee occupying a Clerk III position; one employee occupying a Clerk Receptionist position; two employees occupying Stenographer positions; seven employees occupying Legal Stenographer positions; one employee occupying a Legal Stenographer II position; one employee occupying the position of Supervising Legal Stenographer; one employee occupying the position of Secretary to the Public Defender; one employee occupying an Account Clerk III position; four employees occupying Investigator positions; and one employee occupying the position of Senior Investigator.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 709, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 709, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Takamine.

SCRep. 191-78

Health on H.B. No. 2161-78

The purpose of this bill is to make an appropriation for grant-in-aid to substance abuse programs.

The programs and agencies under the substance abuse program are non-profit, non-governmental health organizations which deal with specific diseases and problems and focus on prevention, treatment and rehabilitation. The alcoholic programs and agencies include: 1) Hawaii Alcoholism Foundation, SIHWH, 2) Hawaii Committee on Alcoholism, 3) Hina Mauka/HSB, 4) Lanakila Rehab, 5) Catholic Social Services, 6) St. Francis

Hospital Halfway House, 7) Salvation Army AFT, 8) Salvation Army 806 Social Services, 9) Kauai Outreach, 10) Big Island Council on Addiction.

The drug abuse programs include: 1) Addiction Treatment Facility (S.A.), 2) Alternatives for Youth (KP YMCA), 3) Awareness House, 4) DASH, 5) Habilitat, 6) Hale O Ulu, 7) Kauai Outreach, 8) Maui NoKaOi, 9) Palama Settlement, 10) Waianae Rap Center, 11) YMCA Detached Counselors.

The drug abuse services will provide treatment for approximately 2,446 clients during fiscal year 1978-79. The alcoholism treatment services approximately 3,048 clients and will receive approximately 36,824 clients through educational, informational and referral services statewide for fiscal year 1978-79.

Therefore, your Committee finds that funds for the substance abuse programs be provided for maintaining current levels of services, and maximizing federal funds available for these programs.

Your Committee also feels that it is necessary that the Department of Health continue to monitor the substance abuse programs.

Therefore, your Committee recommends an amendment that a lapsing funds date should be included in this bill. Such amendment would be as follows:

"SECTION 3: The sum appropriated shall be expended by the department of health for the purpose of this Act. Any unexpended or unencumbered balance of any appropriation made by this Act of the close of business on June 30, 1979 shall lapse into the general fund."

Your Committee on Health is in accord with the intent and purpose of H.B. No. 2161-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2161-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Baker.

SCRep. 192-78 Health on H.B. No. 2068-78

The purpose of this bill is to provide support to six mental health-related programs operated by private, non-profit community organizations.

Your Committee finds that the services to be provided by the six participating organizations through the grants-in-aid contained in this bill are essential for the care, treatment and rehabilitation of mentally ill and emotionally handicapped adults.

Presently, the Suicide and Crisis Center's crisis services - an agency which provides a year-round 24-hour telephone service for persons in crisis - are serving an average of 7,200 persons per year via telephone and 100 persons via direct outreach (face-to-face) services provided by emergency teams. The House, Inc. provides halfway house facilities for individuals not requiring hospitalization in a psychiatric institution. It is equipped with 17 beds and serves about 66 persons per year. Po'ailani Halfway House has five beds and serves 25-30 adults per year. This facility will provide short-term placement for rapid and intensive crisis intervention and evaluation services to men and women over 18 years of age. The non-hospital setting is designed to provide a more homelike atmosphere, so that intervention can be undertaken in a more comfortable and normalizing environment.

The service to be provided by Lanakila Rehabilitation Center is to meet the need for a transitional work program for mentally ill adults currently in the day hospital program of Kalihi-Palama Community Mental Health Center. These are clients who are not yet eligible for Division of Vocational training program. It is anticipated that a maximum of 20 persons per year will be provided this service.

Salvation Army's Ke Ola Hou programs will be modified to provide a pilot project for diagnostic and crisis intervention programs to prevent inappropriate hospitalization on Oahu and will initially serve a projected population of 150 clients per year.

Hilo Halfway House with an 8-10 bed facility is projected to serve 41-50 mentally ill adults per year.

Your Committee is in agreement that the Department of Health will monitor these programs

to insure maximum return on the grants-in-aid requested in this bill.

Your Committee recommends an amendment as follows:

"(a) SECTION 3. The sum appropriated shall be expended by the Department of Health for the purpose of this Act only. Any unexpended or unencumbered balance of any appropriation made by this Act as of the close of business on June 30, 1979 shall lapse into the general fund."

Your Committee on Health is in accord with the intent and purpose of H.B. No. 2068-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2068-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Baker.

SCRep. 193-78 Ocean and Marine Resources and Ecology and Environmental
Protection on H.B. No. 2452-78 (Majority).

The purpose of this bill is to authorize a study to review various alternatives and determine the most feasible means of disposing of the manganese nodule tailings.

Your Committees find that the processing of manganese nodules offers a new industry for Hawaii with enormous economic impact. Preliminary estimates have shown that the establishment of one processing plant on the Island of Hawaii could mean more than 1,100 new jobs in processing alone with an estimated income that would rank the industry in the same class with the big five.

Your Committees find, however, that many questions remain unanswered. Of major concern is the disposal of tailings from the processed nodules.

Among the considerations that will affect the environment are: the nature of the particular process used (there are several now being considered), the amount and form of waste material (especially to what extent it is suitable for land-fill), the chemical composition of the tailings, the problems with ocean dumping, and possible beneficial uses (land fill, construction material, agriculture, etc.)

Your Committees find that a single plant could produce from 5,000 to 10,000 tons of tailings per day. Chemical treatment of these wastes, depending on the particular process used, could pose a problem. On the other hand, it might make the tailings particularly useful.

Your Committees have changed some of the language in SECTION 1 to incorporate some new information, and have recommended an appropriation of \$100,000 to be expended by the Department of Planning and Economic Development.

Your Committees on Ocean and Marine Resources and Ecology and Environmental Protection are in accord with the intent and purpose of H.B. No. 2452-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2452-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.
(Representative Carroll did not concur).

SCRep. 194-78 Ocean and Marine Resources on H.B. No. 1788-78 (Majority).

The purpose of this bill is to provide funds for a manganese nodule research and development program to determine the feasibility and impact of a manganese nodule industry in Hawaii.

Your Committee finds that if and when the manganese nodule mining industry selects Hawaii as a potential site for the processing of nodules, Hawaii must be prepared to make an informed and wise decision as to the desirability of such an industry in the State.

Your Committee further finds that current efforts by the State administration to study the ramifications of such an industry should continue.

The research and development program funded by this bill should include the specific

nature of such an industry (mining, transportation, processing, disposal), the types and costs of services needed to support a manganese nodule industry, State support and incentives for development of such an industry and a determination of the economic, environmental and social impacts a manganese nodule industry is expected to have on the State and its residents.

Your Committee recommends an appropriation of \$100,000 to the Department of Planning and Economic Development for the purposes of this analysis.

Your Committee on Ocean and Marine Resources is in accord with the intent and purpose of H.B. No. 1788-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1788-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.
(Representative Carroll did not concur).

SCRep. 195-78 Judiciary on H.B. No. 2319-78

The purpose of this bill is to reconstitute the county committees on the status of women within the general law that provides for the State Commission on the Status of Women. Under existing law, the members of the county committees are appointed by the respective mayors and are charged with the responsibility of developing such information as the state commission requires or as the county committee deems advisable concerning the status of women within the respective counties.

The bill would require each county to establish its own committee on the status of women and would repeal in its entirety the present provision relating to the county committees.

Your Committee heard testimony which indicates that the county committees have had relatively minimal contacts with the state commission. Your Committee believes that the counties should have their own committees on the status of women, but your Committee also believes that each of the respective counties should be allowed to determine for themselves whether and how such committees should be set up. Accordingly, your Committee has amended the bill by deleting Section 1, and by redesignating Sections 2, 3 and 4.

Your Committee further amended the present section 4 by providing that the Act is to take effect on December 31, 1978.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2319-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2319-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Baker.

SCRep. 196-78 Judiciary on H.B. No. 2276-78

The purpose of this bill is to provide funding for a third district judgeship and supporting staff in the Third Judicial Circuit. The new judge would be headquartered at the Kona Courthouse, which has previously been remodeled to include office space for an additional judge.

Your Committee finds that establishment of the new judgeship will eliminate the need for district court judges having to travel from Hilo to conduct court sessions in Kona resulting in better service to people in the Kona, North and South Kohala and Hamakua areas.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2276-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Baker.

SCRep. 197-78 Judiciary on H.B. No. 2311-78

The purpose of this bill is to amend Act 17, First Special Session Laws of Hawaii 1977, providing for convening of a constitutional convention, by increasing the number of delegates from 102 to 105 to include one delegate each from Molokai, Lanai and Niihau.

Your Committee again finds that the uniqueness of each island community and the desire to obtain maximum participation by all of our island communities require that each island be represented.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2311-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Baker.

SCRep. 198-78 Judiciary on H.B. No. 2243-78

The purpose of this bill is to appropriate funds for citizen education regarding the constitutional convention to be convened on July 5, 1978.

Your Committee believes that democratic government depends upon informed and active participation of its citizens, and that it is essential that the people of our state be kept informed as to the work of the constitutional convention, and that the amendments proposed by the convention be given wide exposure prior to ratification.

Your Committee also believes that the amount to be appropriated by the bill may not be sufficient, and the bill has therefore been amended to appropriate \$300,000 to the Office of the Lieutenant Governor.

Your Committee has also amended the bill to provide that \$100,000 may be expended after the convention convenes, and that \$200,000 may be expended after the convention adjourns.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2243-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2243-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Baker.

SCRep. 199-78 Judiciary on H.C.R. No. 39 (Majority).

The purpose of this concurrent resolution is to request the Office of the Legislative Auditor to conduct a management audit of the Legal Aid Society with particular regard to the efficacy of its operations and to investigate charges made in reference to caseload of the staff, restricted or closed intake of new cases, disproportionate refusal of inquiries for assistance, and other related matters, with a view to determining the proper use of public funds by the organization. The audit is to include an examination of all phases of the operations and policies of the Legal Aid Society.

Your Committee is greatly concerned over the recent reports in the media and in public hearings during the budget review regarding operations at the Legal Aid Society, particularly in view of the purpose for which the society was organized, that is, to provide legal service to individuals without sufficient means to retain private counsel, and to insure that such persons are not denied their legal rights because of an inability to retain counsel.

Your Committee was informed that the federal Legal Services Corporation, which provides part of the funding for the society, will shortly be investigating the alleged misuse of funds and will be making a regularly scheduled general inspection. Your Committee was also informed that the society was currently conducting in-house investigations of its operations.

Your Committee has amended the concurrent resolution to request that the society provide the Committee with an accounting of its findings prior to the end of the legislative session; that the society cooperate in any investigation carried out by the Legislative Auditor; and that the federal authorities cooperate with the Legislative Auditor in the event that the federal reports are released after the current legislative session has ended, and provide the Committee with copies of any reports resulting from the federal investigations.

Your Committee has further amended the concurrent resolution to request that the Legislative Auditor's investigation cover all areas not covered by the federal investigations.

Your Committee on Judiciary is in accord with the intent and purpose of H.C.R. No. 39, as amended herein, and recommends that it be referred to the Committee on Legislative Management in the form attached hereto as H.C.R. No. 39, H.D. 1.

Signed by all members of the Committee except Representative Baker.
(Representative Naito did not concur).

SCRep. 200-78 Judiciary on H.R. No. 168 (Majority).

The purpose of this resolution is to request the Office of the Legislative Auditor to conduct a management audit of the Legal Aid Society with particular regard to the efficacy of its operations and to investigate charges made in reference to caseload of the staff, restricted or closed intake of new cases, disproportionate refusal of inquiries for assistance, and other related matters, with a view to determining the proper use of public funds by the organization. The audit is to include an examination of all phases of the operations and policies of the Legal Aid Society.

Your Committee is greatly concerned over the recent reports in the media and in public hearings during the budget review regarding operations at the Legal Aid Society, particularly in view of the purpose for which the society was organized, that is, to provide legal service to individuals without sufficient means to retain private counsel, and to insure that such persons are not denied their legal rights because of an inability to retain counsel.

Your Committee was informed that the federal Legal Services Corporation, which provides part of the funding for the society, will shortly be investigating the alleged misuse of funds and will be making a regularly scheduled general inspection. Your Committee was also informed that the society was currently conducting in-house investigations of its operations.

Your Committee has amended the resolution to request that the society provide the committee with an accounting of its findings prior to the end of the legislative session; that the society cooperate in any investigation carried out by the Legislative Auditor; and that the federal authorities cooperate with the Legislative Auditor in the event that the federal reports are released after the current legislative session has ended, and provide the committee with copies of any reports resulting from the federal investigations.

Your Committee has further amended the resolution to request that the Legislative Auditor's investigation cover all areas not covered by the federal investigations.

Your Committee on Judiciary is in accord with the intent and purpose of H.R. No. 168, as amended herein, and recommends that it be referred to the Committee on Legislative Management in the form attached hereto as H.R. No. 168, H.D. 1

Signed by all members of the Committee except Representative Baker.
(Representative Naito did not concur).

SCRep. 201-78 Education on H.B. No. 2251-78

The purpose of this Bill is to establish a system of restitution when a student vandalizes school property or loses or destroys a textbook.

Your Committee finds that this Bill is necessary as a deterrent to willful destruction of school property. This Bill provides a legal framework for the enforcement of responsibility and restitution on the part of the student. Your Committee feels that this Bill will have a three-fold effect:

- 1) Monetary restitution will save the amount of public moneys required to replace or fix vandalized or lost school property;
- 2) Restitution as a form of punishment will be necessary for students to realize that indulgence in illegal actions requires a facing of the consequences; and
- 3) Restitution will also instill a respect for public property.

Your Committee has amended this Bill in the following respects:

- 1) Deleted the provision that the student contributes his own funds to some part of the payment and physically participates in the restoration project. Your Committee feels that this would be difficult to monitor and enforce; therefore, the provision should be deleted;
- 2) Provided a limitation that the monetary restitution amount made by the student and the parent or guardian of the student shall not exceed the actual amount of the damage to the property;
- 3) Provided that if the student or parent or guardian of the student fails to complete the restitution program, civil or criminal remedies at law may be taken against the student or his parent or guardian;
- 4) Deleted the provision that diplomas for seniors shall not be awarded until the repayment program is agreed upon. Your Committee feels that this requirement may raise a constitutional question and is not an appropriate penalty; and
- 5) Broadened the definition of the term "vandalism" by defining vandalism to include a reckless as well as intentional destruction of property. As presently worded, the term "vandalism" would require a mischievous or malicious intent to damage or destroy.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 2251-78 as amended herein, and recommends that it pass Second Reading and be referred to the Committee on Judiciary for further consideration in the form attached hereto as H.B. No. 2251-78, H.D. 1.

Signed by all members of the Committee except Representative Takamine.

SCRep. 202-78 Education on H.B. No. 2458-78

The purpose of this Bill is to establish teacher centers where teachers granted leave by the district superintendent may meet with other teachers to share ideas and generally work in an atmosphere conducive to the sharing of resources, developing curriculum, and encouraging in-service education. Attendance of teachers at the centers during school time shall be at the discretion of the district superintendent.

Your Committee feels that there is a need to encourage sharing among teachers above and beyond the present teacher-training and in-service programs already in existence. The establishment of Teaching Centers will allow valuable sharing of knowledge and skills and lead to a more effective curriculum for the students.

Your Committee on Education has amended this Bill to include an appropriation amount of \$70,000, or so much thereof as may be necessary for the establishment of teacher centers in every school district.

Your Committee on Education has further amended this Bill to delete the second sentence of Section 4.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 2458-78 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. 2458-78, H.D. 1.

Signed by all members of the Committee.

SCRep. 203-78 Education on H.B. No. 2545-78

The purpose of this Bill is to amend Section 296-46.1, Hawaii Revised Statutes, to 1) permit the State and school bus contractors to extend current contracts for two years by mutual agreement; provided, that the parties may agree to extend the contract for an additional two years thereafter, and 2) to authorize the State to impose additional provisions on to the contract between the State and the contractor as deemed necessary for the safety of the school bus passengers.

Your Committee finds that under the existing policy of the Department of Accounting

and General Services, conventional school buses are limited to a ten year service life. The contracts processed by the Department are for a period of three years with an option to renew for another three years, or conceivably a total of six years on which the contractors can generally rely. These contracts can then be negotiated for extensions of two one-year terms.

Your Committee has heard testimony from private contractors expressing concern over the contract period since the buses they purchase usually have a lifespan of more than ten years and an amortization period of ten years. Because of the ten year age limitation, they are faced with a unique question in terms of capital investments for the buses.

Your Committee has heard further testimony from the Department of Education in support of this measure. The Department stated that their primary concern is to have students transported safely from home to school and return on reasonable time schedules, and that this Bill will not prohibit them from meeting these concerns.

Your Committee has made technical amendments to this Bill as follows:

1. The first sentence of SECTION 1 of this Bill has been amended to read as follows:

"Sec. 296-46.1 School bus contracts. Any law to the contrary notwithstanding, school bus contracts between the State and a private contractor may be extended for ^{one}two years by mutual agreement; provided, that the parties may agree to extend the contract for an additional two years thereafter.

2. All of SECTION 2 has been amended to include language to repeal the bracketed material contained within this Bill.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 2545-78 as amended, and recommends that it pass Second Reading and be referred to the Committee on Finance in the form attached hereto as H.B. No. 2545-78, H.D. 1.

Signed by all members of the Committee except Representative Takamine.

SCRep. 204-78 Education on H.B. No. 2460-78

The purpose of this Bill is to amend Chapter 297, Hawaii Revised Statutes, to provide that all teaching experience accrued as a full-time teacher with the department of education shall be counted toward tenure.

Your Committee finds that the present DOE policies and procedures preclude the granting of probationary credit to nontenured personnel hired as temporary teaching assignment appointment (TTAA). Many of these teachers in temporary positions do the same work as any other teacher, but do not gain probationary credit toward their tenure.

Your Committee further finds that currently there are a number of probationary teachers and TTAA teachers who have served for more than the required four semesters or probationary service; however, these teachers were denied probationary service credit. This Bill will correct this inequity and give proper probationary credit for all full-time teaching experience to both new and existing teachers.

Your Committee has heard testimony from the DOE, the Hawaii State Teachers Association, the Hawaii Federation of Teachers, and individual teachers in support of this Bill.

Your Committee has amended this Bill to clarify that this Bill shall apply retrospectively.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 2460-78 as amended, and recommends that it pass Second Reading and be referred to the Committee on Finance in the form attached hereto as H.B. No. 2460-78, H.D. 1.

Signed by all members of the Committee except Representative Takamine.

SCRep. 205-78 Health on H.B. No. 2366-78

The purpose of this bill is to develop a program to provide adequate respite care services and supportive training to the families with developmentally disabled individuals in the home.

Your Committee realizes that most individuals with disabilities stay home and need full attention of their parents. These parents find it difficult to be with their children day in and day out without any break. Many parents cannot find qualified people who can take care of their children when they want a break.

Your Committee believes that the development of respite services will provide relief for families who have accepted the responsibilities to maintain their handicapped children within the family milieu and to provide training to facilitate their management of the handicapped individual within the family.

Your Committee is in agreement that the services to be provided through this legislation will prevent or postpone institutionalization of the developmentally disabled individuals as families will be better able to cope with respite and support in the community.

This bill provides the Department of Health with the opportunity to determine the extent of the need, the utilization rate and the types of respite and parent training required to fulfill the need in the community.

Your Committee recommends an amendment to lapse any unexpended or unencumbered balance into the general fund as of the close of business on June 30, 1979. Such amendment would be as follows:

- "(a) SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of \$50,000 or so much thereof as may be necessary to be expended by the Department of Health for the development of a program providing respite care and parent training. Any unexpended or unencumbered balance or any appropriation made by this Act as of the close of business on June 30, 1979 shall lapse into the general fund."

Your Committee on Health is in accord with the intent and purpose of H.B. No. 2366-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2366-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Baker.

SCRep. 206-78 Health on H.B. No. 2267-78

The purpose of this bill is to provide \$350,000 for the grant-in-aid for the Operational Expenditure Plan for the Molokai General Hospital.

A memorandum submitted by Mr. Joseph Manabe, president of Molokai General Hospital Board of Trustees, indicates that an additional subsidy of \$80,000 will be needed to meet the budget requirement for fiscal year 1978-1979. This amount excludes an estimated \$50,000 needed for equipment to continue operating a modern acute care hospital. With the cooperation of the Department of Health, the Molokai General Hospital intends to research areas of possible income from realignment of rates which should generate additional funds needed.

Your Committee is in agreement with the management and Board of Trustees of Molokai General Hospital with respect to improving the operations of the hospital and keeping the present and future subsidy levels within current levels with only nominal future increases due to rising basic costs of personnel and materials. The Department of Health shall closely monitor all ongoing expenditures and keep in close communication with Molokai General Hospital.

Your Committee requests that \$80,000 of supplemental subsidy be provided to the Molokai General Hospital to meet its budgetary requirements and, therefore recommends an amendment to appropriate the funds necessary to carry out the purpose of this Act. Such amendment would be as follows:

- "(a) SECTION 1. There is appropriated from the general revenues of the State of Hawaii the sum of \$80,000 or so much thereof as may be necessary for the Molokai General Hospital, Molokai for fiscal year 1978-1979.
- (b) SECTION 2. The sum hereby appropriated shall be expended by the Department

of Health for the purpose of this Act. Any unexpended or unencumbered balance of any appropriation made by this Act as of the closing of business on June 30, 1979 shall lapse into the general fund.

(c) SECTION 3. This Act shall take effect on July 1, 1978."

Your Committee on Health is in accord with the intent and purpose of H.B. No. 2267-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 226778, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Baker.

SCRep. 207-78 Health on H.B. No. 2439-78

The purpose of this bill is to provide for a Bi-Lingual/Bi-Cultural Program for the Kalihi-Palama Community Mental Health Center under the Catholic Social Service to provide social work mental health services to children and families in the Kalihi-Palama area whose English speaking ability is limited.

This program provides professional social work, bi-lingual counseling program to children and families experiencing severe psychological problems and cultural adjustment problems.

The program is focused on the two largest non-English speaking groups, the Filipinos and Samoans in the area of the Kalihi-Palama district.

During January through December 1977, a total of 1,977 individuals were served. 1,212 Filipinos and 765 Samoans were served through the support of Filipino and Samoan therapists. This program which was started in 1976 is the only existing program which provides professionally trained Samoan and Filipino speaking therapists.

The average caseload for the two social workers are 100 persons per month of which 56 have been adults and 45 children and youth.

Your Committee recognizes that the needs of the non-English speaking people cannot be fulfilled with the present staffing of two social workers and recommends that two additional positions will be Korean-speaking and the other, Filipino-speaking.

Your Committee feels that the requirement that a person be of Filipino or Samoan extraction be removed from the admission criteria of this program.

Through testimonies presented by the Department of Health, \$29,733 is needed for the continuation of these services.

Therefore, your Committee recommends an amendment for the purpose of appropriating \$29,733 to carry out the purpose of this Act, recommends that a lapsing of funds date be included in this bill and the expending agency shall be the Department of Health. Such amendments are as follows:

- "(a) SECTION 1. There is appropriated out of the general revenues of the State of Hawaii the sum of [\$29,773] \$29,733, or so much thereof as may be necessary.
- (b) SECTION 2. The sum appropriated shall be expended by the [Hawaii Office of Economic Opportunity] Department of Health for the purpose of this Act. Any unexpended or unencumbered balance of any appropriation made by this Act as of the close of business on June 30, 1979 shall lapse into the general fund."

Your Committee on Health is in accord with the intent and purpose of H.B. No. 2439-78, as amended herein, and recommends that it be referred to the Committee on Education in the form attached hereto as H.B. No. 2439-78, H.D. 1.

Signed by all members of the Committee except Representative Baker.

SCRep. 208-78 Health on H.R. No. 206

The purpose of this House Resolution is to protect the rights of the developmentally disabled person.

Your Committee is in agreement that the State of Hawaii is strongly committed to uphold our nation's commitment to "life, liberty and the pursuit of happiness."

Your Committee believes that Act 198 and this Resolution will assure many parents of the State of Hawaii's willingness to provide least restrictive living environments for their children from the time their children are born until the time those children die.

Your Committee finds that the non-criminal developmentally disabled person must be provided with the least restrictive environment according to his or her needs and abilities.

Your Committee is in agreement that this Resolution has a far reaching consequence. It intends to give the developmentally disabled person not charity but rights that other persons have and cherish.

Your Committee recommends that in addition to the concept of follow-along financial support, the developmentally disabled person should also have a follow-along professional support.

Therefore, your Committee recommends amendments to the sixth paragraph as follows:

"BE IT FURTHER RESOLVED that the financial and professional support for each developmentally disabled person be provided as he moves to the less and less restrictive environments in accordance with the person's needs; and"

Your Committee on Health concurs with the intent and purpose of H.R. No. 206, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.R. No. 206, H.D. 1.

Signed by all members of the Committee except Representative Baker.

SCRep. 209-78 Finance on H.B.No. 1773-78

The purpose of this bill is to allow fiduciaries to invest in the bonds, notes, or other obligations issued by the Federal Land Banks, Federal Intermediate Credit Banks, or the Banks for Cooperatives under the Farm Credit Acts of 1933 and 1971.

The Federal Land Banks, the Federal Intermediate Credit Banks, and the Banks for Cooperatives provide farm credit. These agencies are federal government-sponsored agencies, as contrasted to federally-operated agencies. Neither principal nor interest on the securities issued by these sponsored agencies is guaranteed by the federal government, although the securities are fully guaranteed by the issuing agencies. However, your Committee finds that farm credit programs lend support to agricultural development and your Committee recommends that the issues of these agencies be authorized for investment by banks, savings and loan associations, and other fiduciary companies. This bill amends HRS 402-13 to accomplish this purpose.

Your Committee on Finance is in accord with the intent and purpose of H.B. 1773-78 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 210-78 Corrections and Rehabilitation and Youth and Elderly Affairs on
H.R. No. 12

The purpose of this resolution is to request the Department of Social Services and Housing to design and implement a program based on the Rahway Lifers' Group Juvenile Crime prevention program at the Rahway State Prison in New Jersey to be directed towards juvenile law violators who may benefit from such a program.

Testimony given by the representatives of the Department of Social Services and Housing discussed a program in California that is similar to the one in New Jersey and also one currently effective in Hawaii under which a long-term inmate from Hawaii State Prison makes regular visits to Oahu high schools and community colleges. Discussion centered around the differences between the Hawaii program and the Rahway (New Jersey) lifers' program.

The testimony of the representative of the Department of Social Services and Housing revealed that the Department would like to study the Rahway program in greater depth rather than implementing it at present. Consequently, your committee has amended the wording, "design and implement a program" contained in the ninth paragraph of the resolution by deleting the words "and implement".

Your Committees on Corrections and Rehabilitation and Youth and Elderly Affairs are in accord with the intent and purpose of H.R. No. 12, as amended therein, and recommend that it be adopted.

Signed by all members of the Committees except Representative Baker.

SCRep. 211-78 Finance on H.R. No. 227

The purpose of this resolution is to request the Governor of the State to release certain funds appropriated by the Legislature for subsidies to the counties.

Your Committee finds that the Legislature appropriated \$6,116,089 to the various counties to cover losses in real property tax revenues and to provide grant-in-aid to the counties. In this support to the counties, the Legislature recognizes its responsibility to assist the counties through grants and subsidies when a clear need arises. A portion of this appropriation was released; your Committee finds that there remains a balance of \$2,036,471 and it is this amount that this resolution seeks to have released to the use of the counties.

Your Committee on Finance concurs with the intent and purpose of H.R. No. 227 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 212-78 Education on H.R. No. 238

The purpose of this Resolution is to request the Committee on Education to review the implementation of operating funds for special needs in the department of education, to assess the effectiveness by which these funds have been expended, and to make appropriate recommendations.

In an effort to strengthen the individual school as the basic management unit of the public school system, the Legislature appropriated \$1,595,864 in the General Appropriations Act of 1977 to be expended by schools to meet their special, unique needs. These funds were appropriated for fiscal year 1977-78 on the basis of a basic allocation of \$2,000 to each school plus an additional \$7 per pupil. It was intended that the amounts appropriated to schools would be used for additional supplies, equipment, and services to augment regular instruction and other purposes which, at the school's determination, would benefit students and improve the instruction program of the school. Consistent with legislative intent, guidelines for the processing of requests for special needs funds were issued by the department of education which sought to minimize paperwork at the school level, and subsequently, half of the amount appropriated by the Legislature was subsequently released for allocation to schools.

Testimony presented to your Committee was unanimous in support of special needs funding. The Hawaii State Teachers Association reported that it undertook a school-by-school survey of the implementation of special needs funds and found: (1) a high degree of teacher participation in determining how special needs funds were to be expended; and (2) "an overwhelming acceptance" of the concept of special needs funding as well as an "extremely high rate" of satisfaction with the implementation of special needs funds. District superintendents were likewise strong in support of special needs funding and reported on the many creative and effective applications of special needs funds by individual schools. Suggestions for improving special needs funding centered on allowing funds to be used to meet school needs other than regular instruction.

The assessment of your Committee is that the Legislature's provision of special needs funds has met with widespread acceptance and success and that it should be continued. Accordingly, your Committee recommends, through this report, the following:

That the remainder of the special needs funds appropriated by the Legislature be released so that effective use of the funds can be made in the remaining months of the school year.

That special needs funds be appropriated by the Legislature for fiscal year 1978-79.

That the department of education, beginning with the 1979-81 fiscal biennium, request special needs funds through the executive budget.

Your Committee on Education concurs with the intent and purpose of H.R. No. 238 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 213-78 Higher Education on H.R. No. 47

The purpose of this resolution is to commend the present participation of women in the graduate level programs at the University and to encourage the development of their executive and administrative talents for higher level management positions in their careers.

Your Committee on Higher Education, recognizing the large numbers of women in our work force and the economic need of these women to work, believes that all work opportunities should be available to all people to the extent that their talents are fully utilized.

Your Committee on Higher Education concurs with the intent and purpose of H.R. No. 47 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 214-78 Higher Education on H.R. No. 48

The purpose of this resolution is to request the House Higher Education Committee to study the advisability of ASUH incorporation as a nonprofit corporation and report its findings to the Legislature prior to the end of the 1978 legislative session.

Testimony presented by the ASUH revealed that due to difficulties experienced with the University administration over the past years, the idea of incorporation was informally discussed last year. Questions have been raised regarding the ASUH's structure, its organization, and its relationship to the University administration, the Board of Regents and the State of Hawaii. However, due to the complexity of the issue, more information on the possible ramifications of incorporation must be examined before a rational decision can be made.

Your Committee on Higher Education concurs with the intent and purpose of H.R. No. 48 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 215-78 Legislative Management

Informing the House that House Resolution Nos. 366 to 375, House Concurrent Resolution Nos. 76 to 78 and Standing Committee Report Nos. 216-78 to 244-78, have been printed and distributed.

SCRep. 216-78 Health on H.B. No. 2446-78

The purpose of this bill is to design a master plan for a Human Development Center Complex for Hilo, Hawaii.

Your Committee recognizes the need for a Human Development Center Complex to centralize services of agencies whose purpose is to rehabilitate patients with handicapping conditions.

A memorandum submitted by Mr. George Yuen, Director of Health, indicates that the Department of Health, generally supports this bill. The memorandum suggests that a study be conducted to address the needs assessment, utilization rate, projection for maintenance and upkeep, and feasibility of agencies to support such a complex on an

ongoing basis.

Your Committee believes that this bill will ultimately result in providing better service to patients with handicapping conditions and in reducing the related cost of providing these services.

Your Committee requests that \$25,000 be provided to prepare the Master Plan and recommends an amendment to lapse any unexpended or unencumbered balance into the general fund as of the close of business on June 30, 1979. Such an amendment would be as follows:

"(a) SECTION 2: There is appropriated out of the general revenues of the State of Hawaii the sum of \$25,000 or so much thereof as may be necessary to be expended by the Department of Health for the purpose of this Act. Any unexpended or unencumbered balance or any appropriation made by this Act as of the close of business on June 30, 1979 shall lapse into the general fund."

Your Committee on Health is in accord with the intent and purpose of H.B. 2446-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2446-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Baker.

SCRep. 217-78 Corrections and Rehabilitation on H.B. No. 2420-78

The purpose of this Bill was to create a restitution center for the island of Oahu, whereby certain carefully selected offenders are given opportunities to make restitution to their victims and to take part in group and individualized programs.

HRS 706-605(e) provides that the Courts can order restitution in lieu of a sentence of imprisonment. However, your Committee believes that the additional opportunity to make restitution after imprisonment would benefit the victim and provide the offender with a means to buildup self respect by righting a wrong he committed.

Your Committee finds that the opportunity to make restitution should be available on all islands, to conform to the concept of community corrections as set forth in the Correctional Master Plan, Act 179, 1973 Legislature. Your Committee has, therefore, amended the bill by creating a restitution opportunities associated with each correctional facility in the State of Hawaii.

Your Committee finds the program committee at each correctional facility possesses the necessary expertise to select offenders to participate in the program. Your Committee has, therefore, further amended the bill by designating each facility program committee to select qualifying offenders.

Your Committee finds that existing work release and furlough centers are not utilized to full capacity. Your Committee has, therefore, amended the bill by providing that arrangements can be made to utilize existing work release and furlough facilities as well as any new similar facilities acquired by Corrections Division.

Your Committee on Corrections and Rehabilitation is in accord with the intent and purpose of H.B. No. 2420-78, as amended, herein and recommends that it pass Second Reading in the form attached hereto as H.B. 2420-78, H.D. 1 and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Baker.

SCRep. 218-78 Public Employment and Government Operations and Education
on H.B. No. 2459-78 (Majority).

The purpose of this Bill is to establish a job sharing pilot project in the Department of Education.

Your Committees find that job sharing, which would allow two half-time positions in place of one full-time position, in an innovation which will increase the available employment options so that people may have the opportunity to be employed on the basis of their financial and other needs, without, perhaps, the necessity of being employed

on a full-time basis.

Your Committees further find that the merits of job sharing warrant systematic experimentation and that the Department of Education, due to the possibility of expanding the number of jobs and its possible impact upon the disproportionate numbers of unemployed teachers in the State, is an appropriate agency within which to initiate a job sharing pilot project. Moreover, the implementation of a job sharing pilot project in the DOE may create more stimulating environments for teachers in their professional capacities, and may also provide additional educational stimulus for students. The augmentation of teachers' skills may also be a result of job sharing in the Department of Education, for teachers would have greater time available to them to pursue additional training and education, further benefiting the educational system of the State.

Your Committees have heard testimony from the DOE, the Hawaii State Teachers Association, the Hawaii Federation of Teachers, and individual teachers in support of this Bill. The DOE has stated that the department will be able to administer this program within the guidelines set in this Bill.

Your Committees find that this Bill will provide each job sharing participant, whether an incumbent employee or a person hired for the purpose of this pilot project, with employee benefits equivalent to one-half of the employee benefits to which they would be entitled if their positions were full-time permanent positions. Your Committees further find that each job sharing participant shall be given full-service credit toward his or her retirement, and that in the calculation of retirement benefits the actual compensation paid to the job sharer shall be construed as the amount of compensation for that period of time.

Your Committees have amended this Bill by extending this pilot project for two years, provided that all participants in the pilot project shall be hired by contractual agreements of at least one year's duration. The participants shall also be given the option of whether to contract for one or two years.

Your Committees have further amended this Bill to announce this pilot project to full-time, tenured, certificated personnel of the DOE, excluding educational officers and persons not actually engaged in classroom teaching.

Your Committees have further amended this Bill to ensure the voluntary nature of this pilot project.

Your Joint Committees on Public Employment and Government Operations and Education are in accord with the intent and purpose of H.B. No. 2459-78 as amended herein, and recommend that it pass Second Reading and be referred to the Committee on Finance in the form attached hereto as H.B. No. 2459-78, H.D. 1.

Signed by all members of the Committee.
(Representative Carroll did not concur).

SCRep. 219-78 Public Employment and Government Operations on H.B. No. 1819-78 (Maj).

The purpose of this bill is to establish age seventy as the mandatory retirement age for teachers and educational officers in the Department of Education and for University of Hawaii faculty. The bill also provides that no person may be employed at age seventy except when no qualified person below seventy is available.

Your Committee finds inconsistency and omission in existing statutes relating to mandatory retirement age for public employees. While Section 78-3, Hawaii Revised Statutes, establishes seventy as the mandatory retirement age for State and county employees, Section 297-15, Hawaii Revised Statutes, mandates sixty-five as age of retirement for teachers and education officers of the Department of Education. In addition, Chapter 304, Hawaii Revised Statutes, relating to the University of Hawaii, does not prescribe a mandatory retirement age for University faculty.

House Bill No. 1819-78 addresses this inconsistency in existing statutes by setting forth a uniform age of retirement which covers State and county employees, Department of Education personnel, and University of Hawaii faculty, and by including University of Hawaii faculty in statutory law regarding mandatory retirement.

The University of Hawaii Professional Assembly testified favorably on the bill and

stated that its provisions would bring University personnel in line with other public employees and treat all alike with respect to a common mandatory retirement age of seventy.

Testimony also revealed that extending the right of persons to work until age seventy may eliminate some of the threat to the soundness of social security and pension funds posed by an increasingly larger segment of the population aged sixty-five and over.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 1819-78 and recommends that it be referred jointly to the Committees on Education and Higher Education.

Signed by all members of the Committee.
(Representative Kunimura did not concur).

SCRep. 220-78 Employment Opportunities and Labor Relations on H.B.No. 2375-78

The purpose of this bill is to extend the workers' compensation coverage to duly ordained, commissioned or licensed priests, rabbis and ministers.

The workers' compensation law provides partial wage loss replacement, medical, indemnity and death benefits when a worker suffers a workconnected injury and resulting disability. Ministers, priests and rabbis have not been afforded the coverage because of an exclusion in the law.

Your Committee finds that this class of workers is susceptible to injury, disability and death while in the course of their services to their churches and should not be made to suffer needlessly because coverage is not provided under the law. Testimony presented indicated that nearly all other states cover the clergy for workers' compensation insurance.

Your Committee has been informed that many churches already provide for such coverage and many are in fact personally covered by disability insurance.

Your Committee agrees with testimony presented and has amended the bill to make it clear that the definition of employment includes the services provided by priests, rabbis and ministers for purpose of workers' compensation coverage.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.B. 2375-78 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2375-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 221-78 Youth and Elderly Affairs on H.B.No. 2661-78

The purpose of this Act is to provide an appropriation of \$300,000, or so much thereof as may be necessary to supplement prior appropriations for plans and construction of an elderly day care center on Maui.

Your Committee on Youth and Elderly Affairs is in accord with the intent and purpose of H.B. No. 2661-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Baker and Ushijima.

SCRep. 222-78 Youth and Elderly Affairs on H.B. No. 2656-78

The purpose of this Act is to provide an appropriation of \$38,720, or so much thereof as may be necessary for a paraprofessional program for families in which child abuse or neglect has occurred. This program is to be administered and coordinated through the Catholic Social Services.

Your Committee finds that these services are currently being contracted under Title XX by the Department of Social Services and Housing from the Hawaii Family Stress

Center. The proposal contained in this bill is that the services continue under contract with Catholic Social Service. The Hawaii Family Stress Center has operated as a demonstration project in this service and has proposed the transfer of this excellent service to Catholic Social Service for on-going operation of the program. The Department of Social Services and Housing endorsed this transfer and testified that Title XX funds are already allocated by the Department to continue the program.

Your Committee on Youth and Elderly Affairs is in accord with the intent and purpose of H.B. No. 2656-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Baker and Ushijima.

SCRep. 223-78 Youth and Elderly Affairs on H.B. No. 2655-78

The purpose of this Act is to provide an appropriation of \$29,483, or so much thereof as may be necessary for the group treatment of families in which child abuse or neglect has occurred.

The Department of Social Services and Housing testified that, at their request, Catholic Social Service entered into a contract with them in 1976 to provide group treatment for children and their families in which children were victims of abuse or neglect. The purpose of group treatment is to help families with similar problems in a group setting and help clients to enter into relationships which help restore their self-image and decrease their isolation. The Department of Social Services and Housing further testified that if Catholic Social Service is not able to continue their program a valuable community service would be lost which the Department would not be able to absorb into its own services.

Your Committee finds the Catholic Social Service group treatment program has been extremely effective, servicing approximately 66 individuals and 15 complete family units during the past year. Out of this total number served, there has been only one reported incident of reabuse, which in the estimation of your Committee illustrates the effectiveness and value of this program.

Your Committee on Youth and Elderly Affairs is in accord with the intent and purpose of H.B. No. 2655-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Baker and Ushijima.

SCRep. 224-78 Youth and Elderly Affairs on H.B. No. 3003-78

The purpose of this Act is to provide an appropriation to enable the establishment of an adequate multi-purpose senior center in Kapahulu, Oahu.

Your Committee finds that of the various programs and services presently available to Hawaii's senior citizens, the senior center program has been singled out by senior citizens and others as being the most meaningful, given the range of leisure, recreational, educational, and other rewarding opportunities available through these centers.

Your Committee further finds that with respect to the island of Oahu there exists but one major state operated multi-purpose senior center, the Hawaii State Senior Center located in the Kalihi area. This facility, however, is not easily accessible to senior citizens outside the immediate community and is incapable of providing adequate services to them.

Your Committee finds that there exists no senior center in the Kapahulu area and is in agreement that such a facility should be established.

Your Committee on Youth and Elderly Affairs is in accord with the intent and purposes of H.B. No. 3003-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Baker and Ushijima.

SCRep. 225-78 Youth and Elderly Affairs on H.B.No. 2606-78

The purpose of this Act is to provide an appropriation to enable the establishment of an adequate multi-purpose senior center in Aiea, Oahu.

Your Committee finds that of the various programs and services presently available to Hawaii's senior citizens, the senior center program has been singled out by senior citizens and others as being the most meaningful, given the range of leisure, recreational, educational, and other rewarding opportunities available through these centers.

Your Committee further finds that with respect to the island of Oahu there exists but one major state operated multi-purpose senior center, the Hawaii State Senior Center located in the Kalihi area. This facility, however, is not easily accessible to senior citizens outside the immediate community and is incapable of providing adequate services to them.

Your Committee finds that in Aiea, Oahu, there exists a limited one-day-a-week program for elderly persons as a part of the Aiea recreation center. Your Committee further finds that this program is overly limited in scope and must be expanded and strengthened in order to provide the elderly in the Aiea area with adequate facilities and services. To this end, your Committee is in agreement that H.B. No. 2606-78 which provides for the establishment of a multi-purpose senior center in Aiea, Oahu merits serious consideration.

Your Committee on Youth and Elderly Affairs is in accord with the intent and purposes of H.B. No. 2606-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Baker and Ushijima.

SCRep. 226-78 Youth and Elderly Affairs on H.B. No. 2594-78

The purpose of this Act is to provide for the development and implementation of a pre-retirement training program for all persons in the State's workforce in both the public and private sectors of employment, and to provide an appropriation of \$70,000 for that purpose.

Your Committee finds that approximately 300,000 persons currently comprise the State's workforce, approximately 54,000 of which are in the 55-64 age group with an additional 115,000 persons in the 45-54 age group.

Your Committee finds that long-range retirement planning centering on social adjustment and financial planning is an important but heretofore often neglected consideration by persons in the workforce. To a large degree this is due to a lack of awareness and knowledge of the relative importance of such long-range planning.

Your Committee finds that the University of Hawaii, through the College of Continuing Education and Community Service currently provides a pre-retirement program to the State's citizens. This program presently centers around five major activities. These are 1) research; 2) short term direct service workshops and lectures; 3) consultation services and training for private and public businesses; 4) development and distribution of curriculum and resource materials; and 5) mass media awareness and instructional programs.

Your Committee is in agreement that pre-retirement training programs provide valuable and useful education to citizens in the workforce and supports the intent of H.B. No. 2594-78 to develop and implement programs that will effectuate innovative progress in the field of pre-retirement education.

Your Committee on Youth and Elderly Affairs is in accord with the intent and purpose of H.B. No. 2594-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Baker and Ushijima.

SCRep. 227-78 Youth and Elderly Affairs and Health on H.B. No. 2571-78

The purpose of this Act is to provide an appropriation in the amount of \$11,500 to provide chore services for the elderly and disabled persons at the Maui Rehabilitation Center, Wailuku, Maui. The above mentioned sum represents the funds necessary to match Federal Title XX funds.

Your Committees find that an average of eighty-four (84) elderly residents living at Hale Mahaolu Public Housing Project for the Elderly at Kahului are having heavy house-cleaning work done by handicapped trainees and workers from Maui Rehabilitation Center. All of the elderly residents qualify for this Chore Service because of disability or limitations including such conditions as loss of vision, amputation, stroke, hypertension, or loss of physical function and capacity due to aging.

Your Committees further find that this program is funded through a Purchase of Service Contract between Maui Rehabilitation Center and the DSSH utilizing Federal Title XX monies. The Maui Rehabilitation Center is required to match 28 percent of the cost of the program. In order to continue with the program and use available Federal dollars, the Maui Rehabilitation Center requests an appropriation for \$11,500 which will be matched by \$34,000 in Federal funds.

Your Committees further find that project is unique in the respect that it combines a needed service to a disadvantaged population while providing job training and paid employment for the handicapped. Chore Service for the disabled will allow the elderly to remain as long as possible in their own residence in the Community as an alternative to more costly institutional care or dependency upon others.

Your Committees further find that the housecleaning service provides job training and employment for an average of five (5) handicapped persons who are enrolled in the Maui Rehabilitation Center's vocational rehabilitation program. Though this type of dual-purpose project is not common, Greenleigh Associates in its report to Congress (1976) on a study of Sheltered Workshops in the U.S., recommended such means as one of the viable ways of providing needed work for the handicapped.

Your Committee on Youth and Elderly Affairs and your Committee on Health are in accord with the intent and purpose of H.B. No. 2571-78 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Baker and Ushijima.

SCRep. 228-78 Judiciary on H.B. No. 1874-78 (Majority).

The purpose of this bill is to create an appellate division within the circuit courts to hear appeals from the district courts and administrative agencies.

Your Committee finds that the present congestion of the supreme court's docket is well documented, particularly in the Hawaii Appellate Report, published by the National Center for State Courts in September 1977. The statistics show a steady growth in the number of appeals and other proceedings filed in the supreme court in the last decade. Among the factors contributing to the expanded caseload are the increase in the state's population, the increase in the number of attorneys admitted to practice, the growth in awareness by the citizenry of the availability of the courts, the expansion of criminal defendants' rights, the increased tendency of litigants to exercise their right to appeal, and the increase in complex legislation requiring interpretation by the courts.

In the past two years the legislature has assisted the supreme court by enacting several stop-gap measures, such as allowing an increase in the number of supreme court law clerks. The Administrative Director of the Judiciary testified that these enactments are proving helpful, but that they do not attack the basic problem: The fact that the five supreme court justices, who must all participate in deciding each case, are faced with an ever-expanding caseload, resulting in a backlog of cases. The quality of justice will suffer if the justices are unable to give appeals the thoughtful consideration they deserve. At the same time, the present delay in deciding cases means that for some parties justice is effectively denied.

Creation of a wholly new court would require an amendment of the Hawaii Constitution. However it is possible to create an appellate division of the circuit courts without a constitutional amendment, because Article V, Section 1, of the Constitution allows the

circuit courts to perform any appellate functions authorized by statute.

This bill creates an essentially part-time appellate division of the circuit courts, whose appellate functions would be limited to hearing appeals from administrative agencies and the district courts. If the State Constitution is amended to allow creation of a separate intermediate court of appeals, the functions of the appellate division could easily be transferred to this new court.

In the meantime, without having to wait for a constitutional amendment and subsequent enabling legislation, the Administrative Director testified that the bill will afford substantial relief to the supreme court by routing administrative appeals and district court appeals (presently amounting to 15-20 per cent of the supreme court's caseload) to the circuit court appellate division. The division will sit in panels of three circuit court judges and will exercise full powers of appellate review. The division would use the clerical facilities of the circuit court of the first circuit. For hearings, the division could use available circuit court courtrooms or the supreme court courtroom. Any circuit court judge would be eligible to serve on the division.

The appellate division adopts features of California's Superior Court Appellate Division and New York State's "Supreme" Court Appellate Division. However, instead of separate divisions for each circuit the present bill provides for one centralized appellate division which would normally meet in Honolulu.

The bill eliminates the wasteful "double appeal" which presently exists from many administrative agencies to the circuit court and then to the supreme court. Under the proposed bill there is no right to a second appeal after a decision by the appellate division, although parties may petition the supreme court for further review. The bill also provides a mechanism for transfer of special cases to the supreme court prior to the decision by the appellate division. The bill entails numerous minor technical changes of other statutes.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1874-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.
(Representatives Blair and Cobb did not concur).

SCRep. 229-78 Health on H.B. No. 2807-78

The purpose of this bill is to appropriate \$281,988 from moneys in the treasury received from the county/state hospital fund for an additional twenty positions to provide adequate hospital services at Kauai Veterans Memorial Hospital.

The Department of Health testified that 1978-79 hospital special fund revenues are not sufficient to provide all twenty staff positions requested. Your Committee believes that in spite of fiscal constraints, \$190,527 should be appropriated for thirteen additional positions at Kauai Veterans Memorial Hospital and has amended section 1 to read as follows:

SECTION 1. The following sum, or so much thereof as may be necessary, is appropriated, or authorized, as the case may be, from moneys in the treasury received from the county/state hospital special fund (B) to provide adequate staffing and hospital services at Kauai Veterans Memorial Hospital, Kauai.

Kauai Veterans Memorial Hospital.

To provide for thirteen staff positions which shall include five registered professional nurses III for the intensive care and coronary care programs; five registered professional nurses III for emergency and ambulance services; and one registered professional nurse III for professional standards review organization (PSRO). \$190,527(B)

Your Committee on Health is in accord with the intent and purpose of H.B. No. 2807-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2807-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Baker and Ushijima.

SRep. 230-78

Health on H.B. No. 2805-78

The purpose of this bill is to appropriate \$205,495 from moneys in the treasury received from the county/state hospital special fund (B) to provide adequate staffing for acute psychiatric patient care at Samuel Mahelona Memorial Hospital, Kauai.

Testimony from the Department of Health revealed a critical staff shortage for the hospital's acute psychiatric patient care program. In recognition of this need, the department believes that an additional five rather than sixteen positions are necessary to provide an adequate level of acute psychiatric patient care. Therefore your Committee recommends an amendment for the purpose of reducing the number of staff positions from sixteen to five and accordingly, reducing the sum appropriated from \$205,495 to \$62,673. Such an amendment would be as follows:

SECTION 1. The following sum, or so much thereof as may be necessary, is appropriated, or authorized, as the case may be, from moneys in the treasury received from the county/state hospital special fund (B) to provide adequate staffing for acute psychiatric patient care at Samuel Mahelona Memorial Hospital, Kauai.

Samuel Mahelona Memorial Hospital.

To provide for five staff positions which shall include one registered professional nurse IV and four licensed professional nurses II. \$62,673(B)

Your Committee on Health is in accord with the intent and purpose of H.B. No. 2805-78, as amended herein and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2805-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Baker and Ushijima.

SRep. 231-78

Health on H.B. No. 2123-78 (Majority).

The purpose of this bill is to amend Section 362-42, Hawaii Revised Statutes, by increasing the amount of guarantee and inserting a new provision to request the Department of Health to review on an annual basis the amount of income guaranteed.

Under present law, the annual amount of guarantee to each participating physician is \$36,000 gross income. It has been difficult to permanently relocate physicians in underserved areas, and in several cases, physicians have terminated their contracts in less than one year because of economic realities. Had these physicians entered into private practice in an underserved area, their income would have exceeded \$36,000 within three to six months. Third party payments alone are generally sufficient to bring this about.

Your Committee realizes that the existing guarantee to each physician of \$36,000 gross income is not sufficient.

Your Committee agrees that to maintain a successful community physician program the amount of guarantee should be increased from \$36,000 to \$54,000 per year which represents 80 per cent of the present community average earnings. This amount is high enough to attract competent physicians to underserved areas and also high enough to discourage the existing physicians from terminating their contracts for economic reasons.

Your Committee further agrees that the amount of income guaranteed by this bill shall be reviewed annually by the Department of Health. If the review indicates that a change in the amount of guarantee is in order, the Department of Health shall submit a recommendation report before the start of the new legislative session.

Your Committee has amended the bill as follows:

(a) Increased the amount of guarantee to: "\$54,000 gross income".

(b) Revised subparagraph (4) to read: "That the amount of income guarantee by this section shall be reviewed annually by the Department of Health".

Your Committee on Health is in accord with the intent and purpose of H.B. No. 2123-78, as amended herein, and recommends that it pass Second Reading in the form attached

hereto as H.B. No. 2123-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Baker and Ushijima.
(Representatives Narvaes and Sutton did not concur).

SCRep. 232-78 Health on H.B. No. 2175-78

The purpose of this bill is to appropriate from the special fund revenues \$208,302 to provide for one clerk stenographer and fifteen nursing positions at Maui Memorial Hospital.

While these sixteen positions will substantially strengthen hospital operations at Maui Memorial Hospital, your Committee found that an additional twenty-five nursing and ancillary positions are needed to ensure an adequate level of hospital patient care.

Therefore your Committee recommends an amendment for the purpose of appropriating an additional \$344,092 in special revenue funds to provide for these twenty-five hospital staffing positions. Such amendment would be as follows:

SECTION 1. There is hereby appropriated from the special fund revenues of the State of Hawaii, the sum of \$552,394 to provide for nineteen registered professional nurses, eight licensed practical nurses, one paramedic assistant, one social worker, two medical records stenographers, five clerk stenographers, two medical technicians, two X-ray technicians, and one pharmacist.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 2175-78 as amended herein and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2175-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Baker and Ushijima.

SCRep. 233-78 Health and Youth and Elderly Affairs on H.B. No. 2887-78

The purpose of this bill is to make an appropriation for \$15,000 for a "Half-fare for Senior Citizens and the Handicapped Program" for the county of Hawaii.

The County of Hawaii Mass Transit System is the only bus system outside the island of Oahu. This system first began on December 15, 1975. The number of passengers since 1975 has increased from 9,000 passengers to 32,000 per month.

Presently, the bus system covers almost all the established communities on the island of Hawaii.

From testimonies presented by the County of Hawaii Mass Transportation Agency, the present rate structure does not give senior citizens and the handicapped a lower fare as in the case of the City and County of Honolulu. The current bus fare is 65¢ per passenger. Of the total 32,000 passengers, 5,000 may be classified as senior citizens.

Your Committees find that if half fare is given to senior citizens and the handicapped, the mass transit services will double or triple the amount of passengers using the bus. It will also enable the County of Hawaii to launch a one year program.

Therefore, your Committees recommend that an amendment on the lapsing date shall be June 30, 1979. Such amendment would be as follows:

"SECTION 1. There is appropriated out of the general revenues of the State of Hawaii the sum of \$15,000, or so much thereof as may be necessary to the County of Hawaii, for a "Half-Fare for Senior Citizens and the Handicapped Program", Hawaii. Any unexpended and unencumbered balances of the appropriation made by this Act as of the close of business on June 30, 1979 shall lapse into the general fund of the State."

Your Committees on Health and Youth and Elderly Affairs are in accord with the intent and purpose of H.B. No. 2887-78, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2887-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Baker and Ushijima.

SCRep. 234-78 Health and Youth and Elderly Affairs on H.B. No. 2663-78

The purpose of this bill is to expand and improve the transportation services for the elderly, handicapped and other disadvantaged persons for the Fiscal Year 1978-79.

Testimonies presented from Hawaii revealed that the Hawaii County Economic Opportunity Council transports elderly, disabled and other disadvantaged persons throughout Hawaii County. Between 4,000 to 5,000 passengers are transported by the agency. The passengers transported are elderly persons living in plantation areas, handicapped workers in rural Honokaa who attend a vocational rehabilitation program and children of low income working mothers who attend day care centers.

Funding needed will be necessary because of the cutback in Title XX funds.

Therefore, your Committees request that \$119,000 be appropriated to continue transportation service.

Testimonies from the Kauai Economic Opportunity indicate that a communication system, one 3/4 time bus driver, an air compressor, and four replacement buses are necessary for the transportation services. An efficient communication system is needed for emergency services. The air compressor is needed for the maintenance of buses in order to reduce the amount of time they will be in the repair shop.

Your Committees have amended the amount required from \$85,238 to \$82,392 for the purposes of this Act.

Testimony presented by the Maui Economic Opportunity Council indicates that a reduction in Title XX funds will affect 1.5 drivers. The request for drivers is merely to maintain the existing passenger load. The agency provided 151,901 passenger trips of which 101,481 were for the elderly.

A request for three replacement buses is necessary for the continuation of this program.

Therefore, your committees feel that funds be appropriated for these purposes and an amendment to the Kauai County Program appropriation be \$82,392. Such amendment would be as follows:

"SECTION 1. There is appropriated from the general revenues of the State of Hawaii, the following sums to expand and improve the transportation service for the elderly, handicapped and other disadvantaged persons for the fiscal year 1978-1979.

Kauai County	\$ 82,392
Hawaii County	119,000
Maui County	80,000

Your Committees on Health and Youth and Elderly Affairs are in accord with the intent and purpose of H.B. No. 2663-78, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2663-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Baker and Ushijima.

SCRep. 235-78 Education on H.B. No. 2677-78

The purpose of this Bill is to provide monies for the continued operation of Maui Hui Malama, Inc.

Your Committee has found that Maui Hui Malama provides services to a segment of the population which was not being accommodated within the traditional secondary and adult school settings. Maui Hui Malama provides: 1) Preparation for the GED (High School Equivalency Diploma); 2) Tutoring in basic math, reading, and language skills; and 3) Counseling and referral to other community agencies when appropriate to student

needs.

Your Committee is in accord with the intent and purpose of H.B. No. 2677-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 236-78 Education on H.B. No. 2250-78 (Majority)

The purpose of this Bill is to establish a class load relief program which would be based on a weighted enrollment formula. This Bill also emphasizes reliance on the professional judgment of teachers by providing for a school level class load relief committee, composed of teachers, which would, in consultation with the principal, review the teachers' petitions and rank them in priority as funds are made available to the school.

Your Committee finds that excessive class size has frequently been cited as one of the causes of poor student performance in public schools. Although research findings are inconclusive about any ideal class size, to reduce the statewide class size ratio in Hawaii by any appreciable number would require financial resources that the State currently does not possess. A less costly alternative which would provide some alleviation of the most pressing needs to reduce pupil-teacher ratios is the use of weighted student enrollments in a class load relief program. Although the official statewide pupil-teacher ratio would be maintained in assigning students to classes, a class load relief program would place additional personnel and material resources into regular classrooms upon the petition of teachers for those resources.

Your Committee feels that determination of the maximum total weighted enrollments should be the responsibility of the school class load relief committee and has therefore amended this Bill as follows:

1) The first sentence of SECTION 2, paragraph (b) shall now read:

(b) Within thirty calendar days of the first pupil day of each new school semester, a regular education teacher may petition for class load relief to the school class load relief committee if the total weighted enrollment of each class exceeds the maximum amount designated by the committee; provided that the teachers who received relief during the first semester need not submit a petition for relief for the second semester if the class has remained essentially the same.

2) The fifth sentence of SECTION 2, paragraph (b) shall now read:

The committee shall establish a maximum total weighted enrollment for all classrooms and shall, in consultation with the principal, review the teachers' petitions, determine whether the needs can be fulfilled by resources already available to the school, and rank the petitions in order of priority. The district office shall fulfill the requests to the extent funds are available, in the priority order determined by the school class load relief committee.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 2250-78 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. 2250-78, H.D. 1.

Signed by all members of the Committee.
(Representative Abercrombie did not concur.)

SCRep. 237-78 Education on H.B. No. 2581-78

The purpose of this Bill is to establish a regularized system whereby the department of education shall request special needs funds for each school and whereby each school shall decide how such special needs funds will be expended.

Your Committee has heard testimony from Charles Clark, Superintendent of the DOE, in support of this Bill. The Superintendent stated that the funds were being well received and were being used to improve the Regular Instruction Program.

Your Committee also has heard previous testimony which was unanimously in support of special needs funding. On January 13, 1978, the Hawaii State Teachers Association

reported that it undertook a school-by-school survey of the implementation of special needs funds and found: (1) a high degree of teacher participation in determining how special needs funds were to be expended; and (2) "an overwhelming acceptance" of the concept of special needs funding as well as an "extremely high rate" of satisfaction with the implementation of special needs funds. District superintendents were likewise strong in support of special needs funding and reported on the many creative and effective applications of special needs funds by individual schools. Suggestions for improving special needs funding centered on allowing funds to be used to meet school needs other than regular instruction.

Your Committee finds that this Bill establishes a system whereby the DOE shall request special needs funds for schools and whereby each school shall decide how such funds will be expended, provided that funds shall be used for instructional purposes unless a variance is approved by the school's respective district superintendent.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 2581-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 238-78 Agriculture and Water, Land Use, Development and Hawaiian Homes
on H.B. No. 2944-78

The purpose of this bill is to provide the sum of \$20,000, or so much thereof as necessary, as partial support for a Pacific Basin Agricultural Research and Development Industry Workshop being planned in early 1979, under the joint leadership of the College of Tropical Agriculture and School of Business.

The objective of the workshop is to assess future investment and sales opportunities in the tropical areas, and more importantly, encourage major research, development and regional corporation headquarters dealing with agricultural industries to establish potential centers in the State of Hawaii.

Your Committees on Agriculture, and Water, Land Use and Development and Hawaiian Homes, are in accord with the intent and purposes of H.B. No. 2944-78, and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Garcia and Naito.

SCRep. 239-78 Agriculture on S.B. No. 1129

The purpose of this bill is to amend Sections 147-7 and 147-58, Hawaii Revised Statutes, to provide that inspectors hired to inspect and classify coffee be exempt from Chapters 76 and 77 of the Hawaii Revised Statutes.

Your Committee finds that personnel hired under this program are presently retained on an annual exempt renewal basis, requiring annual approval by the Department of Personnel Services for continuation of their employment on an exempt basis. The type and conditions under this program are such that it is not conducive to normal recruitment practices as work is seasonal, starting in July, peaking from October to March, and tapering off through January, resulting in erratic work hours ranging from 20 to 50 hours per week.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 1129 and recommends that it pass Second Reading and be referred to the Committee on Public Employment and Government Operations.

Signed by all members of the Committee except Representatives Garcia and Naito.

SCRep. 240-78 Agriculture on H.B. No. 2942-78

The purpose of this bill is to eliminate the cumbersome necessity of procuring "overlength" permits for certain truck-tractors and semitrailers when transporting agricultural products, including livestock, to market.

The present total combined length standard of 55 feet for truck-tractor and semitrailer was established 37 years ago under Act 216 of the Territorial Legislature and equated to the then-accepted industry design standard for shorter length trucks.

Your Committee heard testimony that there are currently 12 such trucks exceeding the present 55 feet limit, operating within the State with an unblemished safety record, under permits issued by the Department of Transportation.

Your Committee also found there is no length constraint in the Federal highway statutes relating to truck measurements.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 2942-78 and recommends that it pass Second Reading and be referred to the Committee on Energy and Transportation.

Signed by all members of the Committee except Representatives Garcia and Naito.

SCRep. 241-78 Agriculture on H.B. No. 2270-78

The purpose of this bill is to provide an appropriation to establish a greenhouse vegetable culture facility at the Kona Experiment Station.

Your Committee finds farmers in the Kona District have been actively experimenting with the greenhouse vegetable culture production as a means of developing new cash crops and opportunities for furthering agriculture in the district.

Your Committee also finds the construction of a greenhouse facility at the University of Hawaii's College of Tropical Agriculture Station in Kona would provide a means of conducting controlled experiments and would significantly contribute to the growth and development of diversified agriculture.

Your Committee has amended this bill by providing an appropriation of \$100,000 for the construction of a greenhouse facility.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 2270-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2270-78, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 242-78 Agriculture on H.B. No. 2419-78

The purpose of this bill is two-fold, first to provide for the establishment of an institute of agricultural cooperatives as an integral part of the College of Tropical Agriculture of the University of Hawaii, and, secondly, to provide for the establishment of a revolving fund to support the operation of the institute.

The legislature, primarily through the work of the committee on agriculture of the Hawaii State House of Representative, has over the past several years devoted extensive study including several workshops and seminars on how to strengthen the operating effectiveness and efficiency of Hawaii's agricultural cooperatives. The common consensus which has emerged from the various seminars and workshops and other fact finding activities of your committee was the need to further strengthen Hawaii's system of agricultural cooperative associations. A related consensus view was the need to establish an institute for agricultural cooperatives as the most viable mechanism to provide the technical assistance, coordination, and related activities in support of the objective to strengthen the cooperative associations. Among the major functions envisioned for the Institute include provision of educational and research assistance to both existing cooperative associations and farmers interested in establishing a cooperative or modifying an existing one.

Currently, there are approximately 30 active cooperative associations with a member of approximately 4,100 member patrons.

Another concept that emerged from the study was the Council for Agricultural Cooperatives a private, non-government entity developed, maintained and owned as a federated cooperative association of existing associations in Hawaii.

This Council, in contrast to the function of the Institute, serves as a link between the cooperative associations and the legislature and the general State administration.

Your Committee has amended the bill as follows:

- (a) Amended the title of the proposed new section found under Section 2, to read A program for agricultural cooperatives and substitution of the term "Program for agricultural cooperatives" for the term "Institute for agricultural cooperatives" wherever appearing in the text of the bill.
- (b) Deleted paragraph (6) under subsection (b) of the proposed new section found under Section 2.
- (c) Provided an appropriation of \$125,000 which shall among other things, be utilized for the creation of 3.0 new positions.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 2419-78 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2419-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia and Naito.

SCRep. 243-78 Agriculture on H.B. No. 2794-78

The purpose of this bill is to amend Section 155-13, subsection (c), Hawaii Revised Statutes, by extending the time within which the installments of principal may be paid from two to five years.

Your Committee finds that the present limitation of two years within which installments of principal payments can be extended may be too restrictive. External forces such as depressed prices, high production costs, extended poor weather conditions, spiraling inflation (as in 1974), etc., may impair repayment ability of an otherwise viable borrower for a period longer than two years. Nationally, to alleviate the farmers' plight of being caught in a squeeze of inadequate farm incomes and increased production costs, the Secretary of Agriculture has recently given the USDA's Farmers Home Administration the option of deferring payments for up to five years.

Presently, ranchers experiencing extended drought with lower cattle prices may require more than two years to recover. Another example is the independent sugar growers.

Due to the depressed sugar prices, the Board of Agriculture granted a deferral of payments to October 1978, to the 418 independent sugar growers for their term loan to start the Hilo Coast Processing Cooperative. While the outlook for sugar now appears brighter with the Federal support program, it will require more than a two-year deferment of payment for the sugar growers to recover. If the sugar growers are forced to resume payments in October 1978, there will be a shortage of dollars to cover private lenders' loans for production. From the practical standpoint, it would be cheaper for the State to defer payment for its loans than to assume the burden of financing the growers' production loans which amount to over \$3.5 million annually.

Your Committee finds that deferment of payments under the Agricultural Loan Program is more of an exception than the rule. Extending the allowable period to five years will provide the Board of Agriculture with the necessary flexibility to assist otherwise viable borrowers suffering from forces beyond their control to "get back on their feet".

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 2794-78, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia and Naito.

SCRep. 244-78 Agriculture on H.B. No. 1861-78

The purpose of this bill is to provide such funds as necessary to continue the study, experimentation and evaluation of control of the pineapple souring beetle.

Your Committee found that the pineapple souring beetle project was started in 1974 with full staffing of three temporary positions. However, funding for this project was allocated only for one year of the biennium 1977-79. The Governor's Supplementary budget includes only one of the three positions.

Your Committee further found that the Department of Agriculture has introduced two control agents which show promise in controlling the pineapple souring beetle. One more year of full staffing is necessary to complete the evaluation studies on effectiveness of these agents.

Your Committee has amended this bill by providing an appropriation of \$23,284 to provide for two temporary positions and personnel to complete the evaluation and effectiveness studies of the pineapple souring beetle control agents.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 1861-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1861-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia and Naito.

SCRep. 245-78 Legislative Management

Informing the House that House Resolution Nos. 376 to 386, House Concurrent Resolution Nos. 79 to 81, and Standing Committee Report Nos. 246-78 to 311-78, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 246-78 Consumer Protection and Commerce on H.B. No. 2896-78

The purpose of this bill is to clarify the statutory provisions of Hawaii law relating to the mandatory purchase of Hawaii products and to place on the bidder on a government project who intends to use non-Hawaii products in such project the burden of declaring his intentions thereto.

In comparing the selling prices of Hawaii and non-Hawaii products for the purpose of determining whether the purchase of the former is required, it is presently unclear what such selling price means or is to include. This bill would specify that selling price is f.o.b. jobsite, unloaded including applicable general excise and use taxes. Your Committee feels that this would eliminate any present ambiguity and ensure that, in making such comparisons, equivalent prices are compared.

In addition, present statutes allow selling prices of "similar" non-Hawaii products to be compared with Hawaii products. Your Committee received testimony that such a definition has led to what in fact have been dissimilar imported products being so compared because the term is too general. This bill would provide for "alternate or comparable" instead of "similar" products being compared to Hawaii products. Your Committee is of the opinion that this will rectify the problem by assuring that more equitable comparisons are made.

Finally, current law only requires a government agency to describe Hawaii products which may be used in a public works or repair or maintenance contract. This bill would require a description of both the Hawaii products as well as their corresponding classes. Your Committee feels that the current requirement of describing products only is too restrictive and that more effective promotion of goods produced in state would result from its expansion to include describing corresponding classes of the products.

With respect to placing the burden of declaring his intention to use non-Hawaii products in a government project on the bidder thereto, your Committee finds that under present law the bidder who intends to use Hawaii products is forced to go through much paperwork and red tape in order to receive a credit on the cost of such products on his bid. Your Committee believes that this tends to discourage bidders from using Hawaii products, or at best counteracts the incentive, the credit, to use Hawaii products, contrary to the general intent of the law. This bill would require persons submitting bids based on non-Hawaii, instead of Hawaii, products to specify such products and the values thereof. Your Committee is in agreement with testimony received that this is the more

logical and desirable arrangement given the objective of the law to encourage more use of local products.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2896-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Baker.

SCRep. 247-78 Public Employment and Government Operations on H.B. No. 2680-78

The purpose of this bill is to amend Chapter 392, Hawaii Revised Statutes, to allow payment of temporary disability insurance benefits to government employees who have not earned the minimum favorable benefits under Section 392-41(d), equivalent to three weeks at full pay, payable from the first day of disability.

Presently, public employees are not eligible for temporary disability insurance benefits under Chapter 392 because they are provided such disability coverage by the State Employees' Sick Leave Plan. Under the State Plan, an employee is entitled to twenty-one days of paid sick leave a year, which must be earned at a rate of 1-3/4 days per month of employment. Thus, an employee who is a recent entrant into government service may not have any sick leave credited. Under this bill, the employee who has not earned the minimum favorable benefits would, after exhausting all earned sick leave benefits, be provided combined sick leave-temporary disability insurance benefits not to exceed three weeks.

Your Committee has amended this bill to delete reference to Sections 392-22, 392-23, and 392-24 as these sections refer to provisions of a statutory plan which would not be applicable to temporary disability benefits for government employees.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 2680-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2680-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 248-78 Public Employment and Government Operations on H.B. No. 1815-78

The purpose of this bill is to amend Section 89-11, Hawaii Revised Statutes, by adding a new subsection (d) to provide for the establishment of compulsory arbitration procedures for resolving disputes over the terms of an initial or renewed agreement involving the exclusive representative of bargaining Unit (11), Firemen. Any impasse dispute involving Unit 11 which continues to exist 15 working days after the date of impasse would be submitted to the arbitration procedures established under this bill unless the parties to the dispute mutually agree upon an alternative arbitration procedure within 18 working days from the date of impasse.

This bill provides for final-offer whole package arbitration as the method of impasse resolution. This approach requires the arbitrator to select the most reasonable of the final offers submitted to him by the parties, and to issue a decision incorporating that offer without modification. The decision of the arbitrator shall be final and binding upon the parties; provided that at any time and by mutual agreement, they may modify or amend the decision. Agreements reached pursuant to the decision of an arbitrator as provided in this bill would not be subject to ratification by the employees concerned. Moreover, employees covered by this method of impasse resolution voluntarily relinquish their right to strike by virtue of such coverage. As with all other collective bargaining agreements, this bill provides for final approval of any cost items by the appropriate legislative bodies.

Your Committee finds that with respect to public employees engaged in occupations affecting the health and safety of the general public, the right to lawfully strike can be effectively curtailed by the provisions of Sec. 89-12(c) of the collective bargaining law. Paragraph (c) provides:

- "(c) Where the strike occurring, or is about to occur, endangers the public health or safety, the public employer concerned may petition the board to make an investigation. If the board finds that there is imminent or present danger to the health and safety of the public, the board shall set requirements that

must be complied with to avoid or remove any such imminent or present danger."

In August, 1977, as a result of an impasse in bargaining between the public employers and the exclusive representative of Unit 11, firefighters, the Hawaii Public Employment Relations Board (HPERB) conducted such an investigation and concluded that a firefighters' strike would present an imminent or present danger to the health and safety of the public. The Board stated in its findings that it was convinced there was no adequate alternative in the event of a Unit 11 strike except to require the trained incumbents of Unit 11 positions to provide the minimum manning necessary to remove the danger to the public health and safety. Removal of any of the critical Unit 11 services: dispatch, firefighting, emergency rescues and emergency medical services, "would present a grave danger of an unpredictable, awesome nature to the health and safety of the public."

In effect, the HPERB order effectively canceled the firefighters' right to lawfully strike, and in so doing, left the firefighters with no bargaining position. Your Committee believes that their right to bargain collectively should not be abridged and recommends the adoption of the procedures established in this bill as a viable alternative to strike action.

The Hawaii Firefighters Association, exclusive representative for Unit 11, advocates adoption of the proposed final-offer whole package mechanism which, it feels, has an effect closest to that of a strike upon the disputing parties. More than any alternative mechanism, final-offer arbitration induces negotiated agreements because the very process generates the risk of failing to negotiate and losing everything in a decision which is final and binding upon both parties. The arbitrator is not free to "invent" an arbitration award but rather must select either the final offer submitted by the union or the one submitted by the employer. In any other form of arbitration, the parties, knowing full well that the arbitrator is likely to decide somewhere between the union's position and employer's position, simply do not negotiate in good faith and cling to outrageous positions. With final-offer arbitration, the party that maintains an unreasonable position is in trouble; the prospect of losing everything forces him to negotiate.

Upon reviewing the testimony on this bill, your Committee has made substantive amendments which provide that in the event the parties to the dispute cannot mutually agree upon an arbitration procedure and an arbitrator or arbitrators, the dispute shall be submitted to a three member arbitration panel for resolution, instead of to a single arbitrator. While these amendments would not have a substantial affect on the ability of the arbitration procedure to induce negotiations, your Committee believes that the panel approach would provide greater assurance for the selection of arbitrators who would be accountable to and knowledgeable about Hawaii's particular concerns. The bill as amended provides that within twenty-one working days from the date of impasse, two members of the arbitration panel would be selected by the parties; one would be selected by the employer and the other by the exclusive representative. HPERB would appoint these two arbitrators to the panel. The impartial, third member of the panel would be selected by the two previously appointed arbitrators and would chair the arbitration panel. The amendments provide further, that if the two previously selected arbitrators fail to select the third, impartial arbitrator within twenty-four working days from the date of impasse, the HPERB shall request the American Arbitration Association to furnish a list of five qualified arbitrators with experience in interest arbitration from which the impartial third arbitrator shall be selected. The bill has been amended throughout to reflect the submission of the dispute to an arbitration panel instead of to a single arbitrator.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 1815-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1815-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 249-78

Public Employment and Government Operations on H.B. No. 2685-78

The purpose of this bill is to convert to civil service status, three community educational assistants employed at the Waianae-Nanakuli Education Center of Leeward Community College.

The Waianae-Nanakuli Education Center was originally a Model Cities project operated

under contract by Leeward Community College and became a part of the College's regular public service program (UOH 322) effective July 1, 1977. The Center's program includes regular college credit courses, a non-credit program and a laboratory for individual instruction in basic skills to aid students in obtaining employment. It offers a combination of innovative academic programming and flexible scheduling as a means of attracting and accomodating residents of the community who have not been educationally or vocationally involved since leaving school. The Center currently serves 250-300 students per month and 800-1000 students annually.

Your Committee finds that the Center requires a strong educational outreach and advising component to maximize program effectiveness. Since the inception of the project, community workers have been employed to provide the outreach necessary to bring students into the Center and to help students overcome difficulties encountered with returning to a study situation. When the Center's program was transferred into UOH 322, these community worker positions were assigned to a new civil service classification, community educational assistant, and the employees who occupied the community worker positions on an exempt appointment basis were hired to fill the new positions on a temporary appointment basis. This change in status resulted in a reduction in salary and loss of health fund benefits for the employees involved. House Bill No. 2685-78, as amended, would convert these employees from temporary to civil service status, retroactive to February 1, 1977, when they were hired on a temporary basis.

Testimony received from the University of Hawaii indicated that the University is pleased both with the program and the employees involved, and is supportive of this bill. Two of the employees affected have been at the Center since 1970 and the third has been employed there since 1972. Your Committee believes that they have contributed much to the success of the program and recommends passage of this bill.

Your Committee has made technical amendments to the bill which are necessary to carry out its intent.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 2685-78, 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. 2685-78, H.D. 2.

Signed by all members of the Committee.

SCRep. 250-78 Public Employment and Government Operations on H.B. No. 2084-78

The purpose of this bill is to provide a contracting agency with the authority to make adjustments in contract prices should there be a delay in the granting of the notice to proceed and where the contractor has incurred additional cost as a result thereof.

Your Committee finds that under present statutes, there is no provision for providing relief or adjustments in the price of contract bids for increases in operating costs suffered by a contractor between the time the initial bid is made and the date when actual notice to proceed is received. Contractors who are faced with the responsibility of assuming all price increases are forced to either forfeit the contract or to operate at a deficit.

Your Committee received testimony which indicated that any adjustments in the contract price should be permitted only if the state has failed to grant the notice to proceed within sixty days following the award of the contract. Testimony also revealed that the consumer price index may not be a reliable method of making adjustments to compensate for the true value of the contractor's increased cost.

Your Committee feels therefore, that the bill should be amended to provide statutory authority to grant adjustments sixty days after the awarding of the contract pending the verification of the increase in costs with sufficient documentation based on the unit prices submitted with the bid.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 2084-78, as amended herein and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2084-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 251-78 Health on H.B. No. 2435-78

The purpose of this bill is to appropriate \$47,208, for the continuation of the work activity center for those severely disabled adults from Kalihi-Palama who have vocational rehabilitation potential.

The Director of the Department of Health testified in support of the bill, and pointed out that their policy was to emphasize the deinstitutionalization process at Waimano Training School and Hospital by placing many of the severely disabled in suitable community programs. The Kalihi-Palama work activity center was one of the few suitable programs which met this need. Testimonies indicated that there are a number of disabled people who would not qualify for Waimano's deinstitutionalization programs, as they had not originally been patients there. Without the Kalihi-Palama program, these parents and their children would constitute a gap group for whom there would be few or no other alternatives.

Your Committee recommends an amendment for the purpose of correctly including Lanakila Rehabilitation Center and changing the expending agency in the bill. Such amendments would be as follows:

"SECTION 1. There is appropriated out of the general revenues of the State of Hawaii the sum of \$47,208, or so much thereof as may be necessary to provide for a grant-in-aid to the work activity center, Lanakila Rehabilitation Center, Inc., for severely disabled adults from Kalihi-Palama who have vocational rehabilitation potential.

SECTION 2. The sum appropriated shall be expended by the department of health for the purpose of this Act."

Your Committee on Health is in accord with the intent and purpose of H.B. No. 2435-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2435-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Baker and Ushijima.

SCRep. 252-78 Health on H.B. No. 2507-78

The purpose of this bill is to appropriate \$150,000 to enlarge the waiting and examing rooms of the emergency unit at Kona Hospital.

In 1977, the emergency room at Kona Hospital handled 9,500 visits plus 373 ambulance calls as compared to 7,170 visits and 300 ambulance calls in 1976.

Due to the increasing population and large group of tourists visiting, there tends to be higher accident cases.

Therefore your Committee feels that \$150,000 be added to the approved CIP appropriation which was to provide a more adequate waiting room for emergency services.

Your Committee is in accord with the intent and purpose of H.B. No. 2507-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Baker and Ushijima.

SCRep. 253-78 Energy and Transportation on H.B. No. 2503-78

The purpose of this bill is to provide for the safety of motor vehicles operated or moved upon any public road, street, or highway within the state by clarifying the permit requirements for vehicles which exceed the limits provided in sections 291-34 and 291-35, Hawaii Revised Statutes.

Under present law vehicles issued an annual permit are required to carry it in the vehicle or equipment for which it is issued. Normal use and handling of the permit often renders it illegible over a period of time. Your Committee finds a more practical procedure would allow a copy of the permit to be placed in the vehicle or equipment, while the original is retained at the place of business and has amended the bill accordingly.

Current law authorizes the director of transportation or the county engineer to charge a permit fee and to deposit such fee into the state or county's account for special funds for highways. Since the counties do not currently maintain a fee schedule for this category of permits, your Committee has amended the bill to exclude the counties from this provision.

Motor vehicles used in agricultural operations or activities must obtain a permit in order to cross a state road or highway just to get from one side of the road to the other. Testimony presented before your Committee by the Hawaii Sugar Planters' Association protested the regulation, stating that the cost, time and clerical effort required to obtain the permit caused an unreasonable burden on the industry. With the concurrence of the director of transportation, your Committee amended the bill to include a new subsection to allow agricultural vehicles to cross public roads without a permit at locations approved previously by the director of transportation.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 2503-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2503-78, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representative Mizuguchi.

SCRep. 254-78

Consumer Protection and Commerce on H.B. No. 1932-78

The purpose of this bill is five-fold: (1) to exempt from motor carrier economic regulation persons operating motor vehicles transporting not more than seven passengers and persons transporting passengers where such transportation is ancillary to a related primary business purpose; (2) to establish procedures for the suspension or revocation of certificates of public convenience and necessity and for the placement of such certificates on an inactive status; (3) to establish a penalty for advertising by non-certificated carriers; (4) to require certificated carriers to report any change of address or telephone number to the Public Utilities Commission (PUC); and (5) to mandate the Attorney General to prosecute all violations of Chapter 271 when requested by the PUC.

Under present law, persons utilizing vehicles with seating capacities of seven or less hold certificates from the PUC as well as being engaged in metered taxicab operations. Thus, this group of carriers are subject to regulatory overview by the State as well as the county agencies. Your Committee received testimony that, given the fact that the regulatory requirements are extremely difficult, it would be beneficial to these carriers to be exempted from PUC regulation. However, your Committee finds that such deregulation would adversely affect these carriers by reducing their bargaining power vis-a-vis the large carriers with which they are associated for business purposes. Accordingly, your Committee recommends an amendment for the purpose of keeping these carriers under the regulatory requirements of the PUC.

Your Committee, on the other hand, is in agreement that persons utilizing their own motor vehicles to transport persons in conjunction with a primary business enterprise be exempt from regulation. Under existing law, a private carrier of property is not regulated by the PUC and no viable reason exists why a private carrier of passengers should be. Your Committee notes, however, that the wording contained in the bill is specific enough to prohibit the private carrier from becoming a de facto common carrier; i.e., expanding his carrying of passengers into areas not associated with his primary business venture.

With respect to the suspension and revocation of certificates and permits, your Committee received testimony that under present provisions in the Hawaii Revised Statutes, a carrier may repeatedly violate the law as long as he subsequently complies within a time specified in the PUC's order. Under the procedures contained in this bill, your Committee finds that the PUC would be permitted to review the offending carrier's past and present record and, after proper notice and hearing, suspend or revoke his certificate, thereby preventing the circumventing of the regulatory statutes.

With respect to advertising by non-certificated carriers, your Committee received testimony that advertising is probably the most widely used means by carriers to generate traffic. Thus, your Committee feels that the making of advertising of unauthorized transportation services unlawful should go far in protecting the consuming public. In addition, your Committee finds that the penalty provision for aiding and abetting such unauthorized transportation services should further strengthen the enforcement program of the PUC.

With respect to requiring certificated carriers to report address changes, your Committee received testimony that the PUC currently spends many manhours and/or incurs advertising costs attempting to find a respondent merely to meet its notification requirements. Your Committee finds that requiring carriers to keep the PUC informed of their current mailing addresses is a more reasonable and equitable procedure.

With respect to requiring the Attorney General to prosecute all violations of Chapter 271, your Committee received testimony that such aid in prosecution is necessary to further strengthen the enforcement program of the PUC.

Finally, your Committee notes that a reference in the bill to Act 20, Session Laws of Hawaii 1977, should be to Act 20, Special Session Laws of Hawaii 1977, and recommends an amendment for the purpose of reflecting the correct reference.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1932-78, as amended herein, and recommends that it be referred to the Committee on Energy and Transportation in the form attached hereto as H.B. No. 1932-78, H.D. 1.

Signed by all members of the Committee except Representative Baker.

SCRep. 255-78 Water, Land Use, Development and Hawaiian Homes on H.B.
Nos. 2045-78, 2046-78, 2653-78, 2737-78 and 3095-78

H.B. No. 2045-78 entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR THE GENERAL IMPROVEMENT OF KALIHI-UKA PARK, OAHU"

The purpose of this bill is for the general improvements of Kalihi-Uka Park, Oahu.

The bill has been amended by inserting the sum of \$100,000.

H.B. No. 2046-78 entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR THE PURCHASE OF LAND FOR THE DEVELOPMENT OF A HISTORICAL PARK, KALIHI VALLEY, OAHU"

The purpose of this bill is for the purchase of approximately forty acres of land containing ancient Hawaiian taro terraces, irrigation systems, spring, and house site in upper Kalihi Valley, Oahu.

The bill has been amended by inserting the sum of \$300,000. Also, a typographical error in the title has been corrected.

H.B. No. 2653-78 entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR KAHUKU WATER DEVELOPMENT, OAHU"

The purpose of this bill is for water source investigation, planning, engineering, land acquisition and construction of a water delivery system.

The bill has been amended by inserting the sum of \$100,000.

H.B. No. 2737-78 entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION TO PROVIDE A GRAND-IN-AID FOR THE MANOA VALLEY RECREATION CENTER."

The purpose of this bill is for a grant-in-aid for the Manoa Valley Recreation Center.

The bill has been amended by correcting a typographical error in the title.

H.B. No. 3095-78 entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR VARIOUS CAPITAL IMPROVEMENT PROJECTS IN THE 16TH REPRESENTATIVE DISTRICT"

The purpose of this bill is for various capital improvement projects in the 16th district.

This bill has been amended by inserting the sum of \$100,000.

Your Committee on Water, Land Use, Development and Hawaiian Homes is in accord with the intent and purposes of H.B. Nos. 2045-78, 2046-78, 2653-78, 2737-78, and 3095-78, as amended herein, and recommends that they pass Second Reading in the forms attached hereto as H.B. Nos. 2045-78, H.D. 1; 2046-78, H.D. 1; 2653-78, H.D. 1; 2737-78, H.D. 1; and 3095-78, H.D. 1 and be referred to the Committee on Finance.

SCRep. 256-78 Water, Land Use, Development and Hawaiian Homes on H.B. Nos. 2014-78, 2015-78, 2016-78, 2129-78, 2153-78, 2177-78, 2182-78, 2260-78, 2264-78, 2265-78, 2331-78, 2339-78, 2340-78, 2343-78, 2488-78, 2508-78, 2524-78, 2541-78, 2575-78, 2585-78, 2621-78, 2638-78, 2667-78, 2668-78, 2676-78, 2678-78, 2736-78, 2739-78, 2773-78, 2789-78, 2809-78, 2830-78, 2831-78, 2833-78, 2834-78, 2836-78, 2841-78, 2963-78, 2974-78, 2976-78, 2984-78, 3001-78, 3002-78, 3015-78, 3068-78, 3075-78, 3080-78, 3083-78, 3092-78 and 3094-78

H.B. No. 2014-78 entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR DEVELOPMENT OF UNDEVELOPED LANDS FOR PARK PURPOSES AT KANEWAI, HONOLULU, OAHU."

The purpose of this Act is for plans and construction of a park.

H.B. No. 2015-78 entitled: "A BILL FOR AN ACT MAKING A SUPPLEMENTAL APPROPRIATION FOR PLANNING AND CONSTRUCTION OF TENNIS COURTS AT PALOLO NEIGHBORHOOD PLAYGROUND, HONOLULU, OAHU."

The purpose of this Act is for plans and construction of tennis courts at Palolo Neighborhood Playground.

H.B. No. 2016-78 entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR INCREMENTAL RENOVATION AND IMPROVEMENT AT MAUNALANI HEIGHTS PLAYGROUND."

The purpose of this Act is for renovation and improvements at Maunalani Heights Playground.

H.B. No. 2129-78 entitled: "A BILL FOR AN ACT RELATING TO THE LAPSING OF CAPITAL IMPROVEMENT FUNDS FOR THE 14TH REPRESENTATIVE DISTRICT".

The purpose of this Act is to lapse unencumbered capital improvement appropriations for the 14th representative district deemed nonessential and which have not otherwise been lapsed by law.

H.B. No. 2153-78 entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR A GRANT-IN-AID TO THE CITY AND COUNTY OF HONOLULU FOR IMPROVEMENTS TO KUHIO AVENUE, WAIKIKI, OAHU."

The purpose of this Act is to fund improvements for Kuhio Avenue.

H.B. No. 2177-78 entitled: "A BILL FOR AN ACT MAKING SUPPLEMENTAL APPROPRIATIONS FOR MAKENA-LAPEROUSE STATE PARK, MAKENA, MAUI."

The purpose of this Act is for land acquisition, plans and construction of Makena-LaPerouse State Park.

H.B. No. 2182-78 entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR SITE AND MAJOR IMPROVEMENTS AT KAHEHILI TERRACE, WAILUKU, MAUI."

The purpose of this Act is for site and improvements at Kahehili Terrace.

H.B. No. 2260-78 entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR KAPAAKEA FLOOD CONTROL PROJECT, MOLOKAI."

The purpose of this Act is for a flood control project.

H.B. No. 2264-78 entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR THE EXTENSION OF KAUNAKAKAI SEWERAGE SYSTEM, MOLOKAI."

The purpose of this Act is for the extension of the Kaunakakai Sewerage System.

H.B. No. 2265-78 entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR CONSTRUCTION OF IMPROVEMENTS TO KALAUPAPA WATER SYSTEM, MOLOKAI."

The purpose of this Act is for the construction of improvements to Kalaupapa water system.

H.B. No. 2331-78 entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR THE INSTALLATION OF STREET LIGHTS IN THE FRESH WATER PARK FROM WALKER

AVENUE LEADING TO LANIKILA CRAFT CENTER IN WAHIAWA ."

The purpose of this Act is for the installation of street lights.

H.B. No. 2339-78 entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR PLANS AND CONSTRUCTION OF THE UPPER AND LOWER KULA WATER PROJECT AT KULA, MAUI."

The purpose of this Act is for plans and construction of the upper and lower Kula water project.

H.B. No. 2340-78 entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR PLANS AND CONSTRUCTION OF THE HANA WATER PROJECT AT HANA, MAUI."

The purpose of this Act is for plans and construction of the Hana water project.

H.B. NO. 2343-78 entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR PLANS AND CONSTRUCTION OF THE HAIKU-MAKAWAO WATER PROJECT AT HAIKU, MAUI."

The purpose of this Act is for plans and construction of the Haiku-Makawao water project.

H.B. No. 2488-78 entitled: "A BILL FOR AN ACT RELATING TO WASTE DISPOSAL AND SEWERAGE SYSTEMS."

The purpose of this Act is for acquisition of the private sewer system in Hawaii Kai.

H.B. No. 2508-78 entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR THE DEVELOPMENT AND CONSTRUCTION OF A SUPPLEMENTAL WATER SYSTEM FOR SOUTH KOHALA, HAWAII."

The purpose of this Act is for development and construction of a supplemental water system for South Kohala.

H.B. No. 2524-78 entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR CAPITAL IMPROVEMENT PROJECTS FOR THE 12TH REPRESENTATIVE DISTRICT."

The purpose of this Act is for plans and improvements of Paani Street drainage system and plans and construction improvements for Lunalilo School.

H.B. No. 2541-78 entitled: "A BILL FOR AN ACT RELATING TO THE HONOKAA ECONOMIC DEVELOPMENT PROGRAM

The purpose of this Act is to provide for initial phases of the Honokaa Economic Development Program.

H.B. No. 2575-78 entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR PLANS AND CONSTRUCTION OF THE KAUNAKAKAI-UALAPUE-PUKOO-WAIALUA WATER PROJECT AT KAUNAKAKAI, MOLOKAI."

The purpose of this Act is for the incremental development of the Kaunakakai-Ualapue-Pukoo-Waialua water project.

H.B. No. 2585-78 entitled: "A BILL FOR AN ACT MAKING A SUPPLEMENTAL APPROPRIATION FOR CONSTRUCTION AND INSTALLATION OF 1,350 LINEAR FEET OF 8-INCH WATER MAIN AND APPURTENANCES ALONG KAAU STREET FROM 7TH AVENUE TO 10TH AVENUE, PALOLO."

The purpose of this Act is the installation of main and appurtenances.

H.B. No. 2621-78 entitled: "A BILL FOR AN ACT RELATING TO HAWAII COUNTY."

The purpose of this Act is for redevelopment and urban renewal projects.

H.B. No. 2638-78 entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR CAPITAL IMPROVEMENT PROJECTS IN THE THIRD DISTRICT."

The purpose of this Act is for capital improvement projects in the third district.

H.B. No. 2667-78 entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR VARIOUS WATER PROJECTS, COUNTY OF MAUI."

The purpose of this Act is for appropriations for various water projects.

H.B. No. 2668-78 entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR THE EXTENSION OF PUKALANI COMMUNITY CENTER BUILDING, PUKALANI, MAUI."

The purpose of this Act is for the extension of Pukalani Community Center building.

H.B. No. 2676-78 entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR DEVELOPMENT OF KANAHA BEACH PARK, PHASE III, KAHULUI, MAUI."

The purpose of this Act is for development of a beach park.

H.B. No. 2678-78 entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR INCREMENTAL DEVELOPMENT OF TREATMENT PLANT FACILITIES FOR MAUI COUNTY WATER SYSTEMS."

The purpose of this Act is for incremental development of treatment plant facilities for Maui County water systems.

H.B. No. 2736-78 entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR MAKIKI DISTRICT PARK."

The purpose of this Act is to fund site improvements and renovations to existing buildings for phase II of the Makiki district park.

H.B. No. 2739-78 entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR IMPROVEMENTS TO MANOA STREAM, OAHU."

The purpose of this Act is for planning and construction of improvements to Manoa stream.

H.B. No. 2773-78 entitled: "A BILL FOR AN ACT MAKING APPROPRIATIONS FOR CAPITAL IMPROVEMENT PROJECTS IN THE FIRST REPRESENTATIVE DISTRICT OF HAWAII."

The purpose of this Act is for several capital improvement projects in the 1st representative district.

H.B. No. 2789-78 entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION TO PLAN, DESIGN, AND CONSTRUCT A RELIEF DRAIN SYSTEM TO ALLEVIATE THE FLOODING PROBLEM BETWEEN KAMEHAMEHA HIGHWAY AND KAULIKE DRIVE, PEARL CITY."

The purpose of this Act is for a drain relief system.

H.B. No. 2809-78 entitled: "A BILL FOR AN ACT RELATING TO APPROPRIATIONS FOR THE COUNTY OF KAUAI."

The purpose of this Act is for various capital improvement projects.

H.B. No. 2830-78 entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR CAPITAL IMPROVEMENTS IN THE COUNTY OF HAWAII."

The purpose of this Act is for several capital improvement projects.

H.B. No. 2831-78 entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR GRANTS-IN-AID TO THE COUNTY OF HAWAII."

The purpose of this Act is to fund various county-wide and district projects for County of Hawaii.

H.B. No. 2833-78 entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR DESIGN AND CONSTRUCTION FOR A SANDY BEACH AND COMFORT STATIONS IN THE HILO BAY, KUHIO BAY, AND, OR PUHI BAY AREA."

The purpose of this Act is for plans and construction of a sandy beach and comfort stations in the Hilo Bay, Kuhio Bay, and, or Puhi Bay area.

H.B. No. 2834-78 entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR THE WATER SYSTEMS, SOUTH KONA, HAWAII."

The purpose of this Act is for water systems in South Kona.

H.B. No. 2836-78 entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR CAPITAL IMPROVEMENT PROJECTS IN THE THIRD DISTRICT, COUNTY OF HAWAII."

The purpose of this Act is for four capital improvement projects in the 3rd district.

H.B. No. 2841-78 entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR DUGOUTS FOR THE SOFTBALL AND BASEBALL DIAMONDS AT HONOKAA BALL PARK, HAWAII."

The purpose of this Act is for dugouts at Honokaa ball park.

H.B. No. 2963-78 entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR PLANS AND CONSTRUCTION OF FIRE HYDRANTS TO MEET CODE REQUIREMENTS AT POHAKEA ELEMENTARY AND ILIMA INTERMEDIATE SCHOOLS, EWA BEACH, 21ST REPRESENTATIVE DISTRICT, OAHU."

The purpose of this Act is for plans and construction of fire hydrants.

H.B. No. 2974-78 entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION TO PROVIDE A GRANT-IN-AID TO INSTALL 800 LINEAR FEET OF 8-INCH WATER MAIN ALONG ALTA STREET IN WAIANAE, WAIANAE, OAHU."

The purpose of this Act is for funds to install a water main.

H.B. No. 2976-78 entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION TO PROVIDE A GRANT-IN-AID TO INSTALL 12-INCH WATER MAIN ALONG FARRINGTON HIGHWAY, MAILI, OAHU."

The purpose of this Act is for funds to install a water main.

H.B. No. 2984-78 entitled: "A BILL FOR AN ACT MAKING A GRANT-IN-AID TO THE BOARD OF WATER SUPPLY FOR THE DEVELOPMENT AND IMPROVEMENT OF WATER MAINS IN THE 12TH REPRESENTATIVE DISTRICT."

The purpose of this Act is for development and improvement of water mains.

H.B. No. 3001-78 entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR GRANT-IN-AID TO THE CITY AND COUNTY OF HONOLULU FOR CAPITAL IMPROVEMENT PROJECTS IN AND AROUND THE TENTH REPRESENTATIVE DISTRICT, OAHU."

The purpose of this Act is to fund the Paki Park project.

H.B. No. 3002-78 entitled: "A BILL FOR AN ACT MAKING APPROPRIATIONS FOR PLANNING AND INSTALLATION OF WATER MAINS AND APPURTENANCES IN THE TENTH DISTRICT, OAHU."

The purpose of this Act is for plans and installation of water mains and appurtenances.

H.B. No. 3015-78 entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR CAPITAL IMPROVEMENT PROJECTS IN THE FOURTEENTH REPRESENTATIVE DISTRICT, OAHU."

The purpose of this Act is for five capital improvement projects in the 14th representative district.

H.B. No. 3068-78 entitled: "A BILL FOR AN ACT MAKING APPROPRIATIONS FOR CAPITAL IMPROVEMENT PROJECTS IN THE TWENTY-FIFTH REPRESENTATIVE DISTRICT OF OAHU."

The purpose of this Act is for four capital improvement projects in the 25th representative district.

H.B. No. 3075-78 entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR THE WAIMANALO FLOOD CONTROL AND IRRIGATION PROJECT".

The purpose of this Act is for a flood control and irrigation project.

H.B. No. 3080-78 entitled: "A BILL FOR AN ACT RELATING TO ALA WAI FOOT-BIKE PATH FACILITY."

The purpose of this Act is for a foot-bike path facility.

H.B. No. 3083-78 entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR INSTALLATION OF A 16-INCH WATER MAIN ALONG KALAKAUA AVENUE IN WAIKIKI."

The purpose of this Act is for a water main.

H.B. No. 3092-78 entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR THE KAISER COMMUNITY AUDITORIUM."

The purpose of this Act is for planning and construction of an auditorium.

H.B. No. 3094-78 entitled: "A BILL FOR AN ACT MAKING APPROPRIATIONS FOR CAPITAL IMPROVEMENT PROJECTS IN THE TWENTY-FIFTH REPRESENTATIVE DISTRICT OF OAHU."

The purpose of this Act is for four capital improvement projects in the 25th representative district.

Your Committee on Water, Land Use, Development and Hawaiian Homes is in accord with the intent and purposes of the above listed bills and recommends that they pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 257-78 Agriculture on H.B. No. 1922-78

The purpose of this bill is to establish a ceiling upon the liability of the State with respect to the insurance of loans from private lenders for the purposes authorized by Sections 155-5(a) and 155-6(d) of the Hawaii Revised Statutes, as amended.

The bill proposes a ceiling of \$3,000,000. In testimony before your committee, it was learned that this figure has already been exceeded in the Agricultural Loan program of the Department of Agriculture, and that a ceiling of \$10,000,000 is more appropriate for the purposes of promoting the development of the agricultural industries of the State.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 1922-78 as amended herein, and recommends that it pass Second Reading in the form hereto as H.B. No. 1922-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 258-78 Agriculture on H.B. No. 2280-78

The purpose of this bill is to appropriate \$2,500,000, or so much thereof as may be necessary, to supplement the farm loan revolving fund. The sum appropriated shall be either from general fund revenues or from moneys in the state treasury received from general obligation bond funds.

Your Committee finds that tight money conditions, inflation, high interest rates, and other forces external to the farmers' control such as depressed sugar price and high feed cost, and renewed interest in agriculture have placed a heavy demand for funds on the Agricultural Loan Program. While a significant portion of these demands are now being met by local banks, credit unions, and the Farm Credit System, comprised of the Federal Land Bank of Sacramento, Federal Intermediate Credit Bank of Sacramento (through Hawaii Production Credit Association), and the Sacramento Bank for Cooperatives, there still exists a great demand for the kind of credit and services offered by the Agricultural Loan Program.

In Addition to supplementary loans to independent sugar growers under Act 19, First Special Session of 1977, it has been necessary to insure loans of private lenders to

carry out the legislative mandate of encouraging the continuation of sugar production. To date, 1,029 loans for \$6,496,247 covering 8,134 acres for crops from 1977 through 1979 have been approved under the insured loan program. The Board of Agriculture has determined that a reserve of 25 percent should be set aside by June 30, 1978. With the present reserve of \$252,829, this will require an additional \$998,695.

Your Committee finds that the increase in the demand for loans under the Agricultural Loan Program is also a reflection of renewed interest in agriculture and increased activities in developing export commodities such as anthuriums and nursery products. There has been a marked increase in new farmer loans over the last few years, and the Agricultural Loan Program expects to process at least 15 loans for \$750,000 annually. As agricultural parks are developed, further increase in new farmer loans is expected since statutes require that 10 percent of Agricultural park tenants be new farmers. Loan activity for anthurium and nursery production is expected to remain at a high level. Also, the Agricultural Loan Program will be heavily relied upon to finance the establishment of several new cooperatives which are presently being organized.

There is a backlog of 22 direct loans totalling \$960,000 being processed and pending. It is estimated that for the remainder of 1978, and additional \$2,000,000 of direct loans will be processed. With present funds available for loans at \$489,926 and collections estimated at \$1,375,000 for the remainder of this year, it is estimated that at least \$2,000,000 of additional funding will be required for 1978.

Your Committee has amended this bill to provide that any unexpended or unencumbered balance of the appropriation shall lapse at the close of business on June 30, 1980.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 2280-78, as amended and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2280-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 259-78 Agriculture on H.B. No. 2795-78

The purpose of this bill is to provide such funds as necessary to conduct a study to provide ways and means to establish a farmers market and centralized distribution center for agricultural products.

Your Committee has found that many State-supported marketing and promotion efforts are rendered ineffective because farmers fail to produce and market on cooperative basis; due to the lack of a strong centralized distribution center, prevents farmers from taking full advantage of either local or potential export market because wholesalers, importers, and retailers are not assured of a reliable source of local produce.

Your Committee believe that a centralized distribution center is needed as an assembly point for further distribution of agriculture commodities to brokers, wholesalers and retailers.

Your Committee believes that such a study will be a major step towards strengthening diversified agriculture in the State.

Your Committee has amended this bill by providing an appropriation of \$30,000 to conduct a comprehensive feasibility study to provide ways and means (including site and operation) to establish a farmers market and centralized distribution center for agricultural products.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 2795-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2795-78, H.D. 1, and referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 260-78 Youth and Elderly Affairs on H.B. No. 2438-78

The purpose of this Act is to provide for an appropriation of \$21,923, or so much thereof as may be necessary to provide for a Youth Educator Program for the Kalihi-Palama Community Mental Health Center, contingent upon receipt of an appropriation

of \$9,346 from the federal government.

Your Committee finds that the Youth Educator Program provides preventive education services for children in grades 3-12 (ages 8-18) on the island of Oahu. These services address themselves to those stresses which are pertinent to the developmental stages of children. Exemplified, massive prevention geared to adolescents include emphasis on the abstention from the use of mind altering drugs, negative self-esteem and social behavior.

In order to meet the objectives of the program both educative and social development services are utilized. These include direct educative services (within classrooms, community youth organizations and PTA's) in the form of a Sesame Street-like puppet show, movie presentations geared toward the young viewer and informational brochures designed as aids for school teachers.

Your Committee finds that the Youth Educator Program is currently being administered under the auspices of the Department of Health, Alcohol and Drug Abuse Branch and recommends that this agency be substituted for the Hawaii Office of Economic Opportunity as the expending agency.

Your Committee further finds that only \$10,356 of the original \$21,923 requested for the purposes of this Act is required due to the elimination of one (1) staff position and recommends an amendment to reflect this change.

Your Committee on Youth and Elderly Affairs is in accord with the intent and purpose of H.B. No. 2438-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2438-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Baker and Ushijima.

SCRep. 261-78 Youth and Elderly Affairs on H.B. No. 2605-78

The purpose of this Act is to provide the parents of first born children with access to the best current information on child care and child development to help them cope with the pressures of parenthood.

Your Committee finds that quality parenting in the early years of childhood is a significant determinant of healthy physical and emotional development. Parents are often not irresponsible, but merely untrained and without access to sufficient support in the form of knowledge on how to guide and influence their children toward healthy physical and emotional development.

Your Committee finds that continuing attention and resources must be devoted to this critical period in a child's life and recommends initiating the use of the "Pierre, the Pelican Newsletter", and integrating its use with existing human services.

Your Committee further finds that \$2,000 of the \$7,500 requested from the general revenues of the State has been obtained from other sources and recommends an amendment to replace the original sum with a figure of \$5,500.

Your Committee on Youth and Elderly Affairs is in accord with the intent and purpose of H.B. No. 2605-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2605-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Baker and Ushijima.

SCRep. 262-78 Youth and Elderly Affairs on H.B. No. 2654-78

The purpose of this Act is to provide for a demonstration project for after-hours services to tenants of the Makua Alii housing project.

Your Committee finds that to date adequate after-hour services for tenants of the Makua Alii elderly housing project have been sorely lacking. Specifically, this defi-

ciency relates to the lack of adequate security for the residents during the evening and night hours.

Your Committee finds that these elderly residents, many of whom function with severe physical and/or mental disabilities, require assistance in summoning emergency help, acquiring first aid and performing other emergency activities which they are incapable of handling themselves.

Your Committee further finds that due to the lack of adequate assistance in these matters residents of the project have experienced severe anxiety and fear over their well-being. There have been cases where emergency help has been unattainable due to the inability of residents to secure these services themselves and the lack of any available assistance in the building.

Your Committee finds that a live-in maintenance man currently resides at Makua Alii but that he is not available on a seven day basis and is not easily accessible to residents during those periods when he is on duty.

Your Committee is in favor of initiating the proposed demonstration project at Makua Alii which would provide for a live-in person(s) who would have the responsibility of providing the necessary assistance to the tenants both in terms of day-to-day matters and emergency situations. The Hawaii Housing Authority is generally in favor of such a project and has offered its assistance in formulating a program to provide after-hour services.

Your Committee on Youth and Elderly Affairs is in accord with the intent and purpose of H.B. No. 2654-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Baker and Ushijima.

SCRep. 263-78 Judiciary on H.B. No. 2684-78

The purpose of this bill is to give state and county employees who are elected delegates to the Constitutional Convention the option to take vacation pay in lieu of the salaries established for delegates.

Your Committee finds that there are a significant number of state and county employees who may be discouraged from seeking election as delegates because of the financial loss they would face upon being elected. Under the present law, they would be required to take leave without pay from the day after the election until the convention adjourns. Allowing the state and county employees to use their accumulated vacation leave would serve to minimize their financial loss.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2684-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Baker.

SCRep. 264-78 Judiciary on H.B. No. 3042-78

The purpose of this bill is to provide supplementary appropriations for witness expenses in criminal proceedings for fiscal years 1977-78 and 1978-79.

Act 7, Special Session Laws of Hawaii 1977, designated the Department of Budget and Finance as the expending agency for witness expenses required by county prosecutors and the public defender in criminal proceedings. Your Committee was informed that the expenditures for the first seven months of the current fiscal year indicate that the funds appropriated by Act 7 will be insufficient to pay witness expenses for the entire fiscal year if the current rate of expenditure continues. Therefore supplementary amounts for the fiscal year and the next have been provided for in this bill.

Your Committee amended the bill by inserting the word "thereof" on line 7 in order to clarify the phrase.

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

3042-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3042-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Baker.

SCRep. 265-78 Judiciary on H.B. No. 2912-78

The purpose of this bill is to authorize an increased fee schedule for notaries public. In view of the continuing effects of inflation, your Committee finds that the fee increases of one dollar for the various categories is reasonable.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2912-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Baker.

SCRep. 266-78 Judiciary on H.B. No. 2764-78

The purpose of this bill is to allow the lieutenant governor to furnish the session laws, supplements and replacement volumes of the revised statutes state and county government officials, member of the Hawaii congressional delegation, federal district courts and the office of the United States Attorney for official use free of charge. Under present law, only "public officials" are entitled to receive such materials free of charge, and the term has been interpreted by the Attorney General "in the absence of legislative direction" to be limited to only those who occupy government positions in the state and county governments. The bill broadens the distribution.

Your Committee finds that it would also be reasonable to provide free copies to the Internal Revenue Service and has amended the bill accordingly.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2764-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2764-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Baker.

SCRep. 267-78 Judiciary on H.B. No. 1885-78

The purpose of this bill is to increase the number of circuit court judgeships in the first circuit from thirteen to sixteen, and to increase the number of district court judgeships in the first circuit from eleven to nineteen to provide needed judges now and to anticipate needs of the courts to the year 2000. A further purpose of the bill is to give the district court greater flexibility by allowing any one of the district judges to be assigned to hear landlord-tenant and small claims matters, rather than requiring the twelfth judge to handle such matters as is presently required. The bill would also authorize an additional district court judgeship in the third circuit.

The Administrative Director of the Courts testified that more first circuit court judges are needed now in order to continue service to the public. In the last six fiscal years ending with Fiscal Year 1976-77, the number of cases filed in the first circuit court has exceeded the number of cases terminated. As a result, a backlog of cases has been steadily building from 10,835 cases at the end of fiscal 1971-72 to 14,297 cases at the end of fiscal 1976-77. During the latter fiscal year, 5,870 cases were terminated. Thus, the backlog is now over two times as large as the number of cases disposed of.

Your Committee agrees that the creation of additional judicial positions is necessary. However, with respect to the first circuit court, your Committee believes that the creation of two judgeships should be sufficient at present. With respect to the district courts, your Committee finds that the only position required at the present time is the third judgeship for the third circuit to service the Kona, North and South Kohala and Hamakua areas.

Your Committee has therefore amended the bill to provide for the additional positions.

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

1885-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 188578, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Baker.

SCRep. 268-78 Youth and Elderly Affairs on H.B. No. 2562-78

The purpose of this Act is to provide for the continuation of a preventive child abuse and neglect program through the Hana Like Home Visitor Project.

Your Committee believes that the area of child abuse and neglect requires particular attention and that preventive and follow-up services, as well as treatment should receive equal emphasis in this area.

Your Committee finds that the Family Services Center, through the Hana Like Home Visitor Project has made important contributions in the areas of child abuse treatment and prevention. Specifically, the program utilizes the lay therapy outreach approach which focuses more generally upon reducing family stress and improving self image and coping skills. This approach has proved quite successful in preventing initial abuse and reabuse with only a 1% abuse/reabuse rate among project families over the past three years.

Your Committee further finds that the services being provided and approach being administered by the Hana Like Home Visitor Project represent important parts within the broad continuum of prevention services for child abuse and neglect being provided in the State at present.

Your Committee on Youth and Elderly Affairs is in accord with the intent and purpose of H.B. No. 2562-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Baker and Ushijima.

SCRep. 269-78 Youth and Elderly Affairs on H.B. No. 2290-78

The purpose of this Act is to provide for an appropriation for Operation Kokua.

Your Committee finds that Operation Kokua is the only State funded day care center in the Nanakuli area. While there are other programs for pre-school aged children, each of these programs have waiting lists and would not be able to accommodate those children who would be displaced should the Center close due to lack of funds.

Your Committee further finds that Operation Kokua provides a wide range of services, the more significant of which include health services, including dental care, vision and hearing screening, protective services, a federally subsidized and approved nutrition and food service, and transportation services to clients who request such services. Your Committee is in agreement that the quality of services and professional skills provided by Operation Kokua are of the highest quality and that the continuance of this program merits serious consideration.

Your Committee finds that Operation Kokua requires an appropriation of \$33,769 in matching funds from the State's general revenues and recommends an amendment to H.B. No. 2290-78 to include this figure, any unexpended portion of which is to lapse effective June 30, 1979.

Your Committee on Youth and Elderly Affairs is in accord with the intent and purpose of H.B. No. 2290-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2290-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Baker and Ushijima.

SCRep. 270-78 Youth and Elderly Affairs on H.B. No. 2291-78

The purpose of this Act is to provide for a grant-in-aid to the Waianae Day Care Center.

Your Committee finds that the Waianae Coast Day Care Center is a Title XX funded pre-school day care program which services 117 children from throughout the Waianae Coast area. Your Committee further finds that without the funds requested the Center will be unable to continue to provide many of the necessary services it currently provides to the children and their families.

Your Committee finds that the Center requires \$67,000 in State matching funds in order to maintain the current level of service, and recommends amending H.B. No. 2291-78 to include this figure, any unexpended portion of which is to lapse effective June 30, 1979.

Your Committee on Youth and Elderly Affairs is in accord with the intent and purpose of H.B. No. 2291-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2291-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Baker and Ushijima.

SCRep. 271-78 Housing and Youth and Elderly Affairs on H.B. No. 2899-78

The purpose of this bill is to provide for the establishment of a veterans home in the State of Hawaii.

Testimony received from the Hawaii State Veterans Council indicated that there are approximately 94,000 veterans residing in Hawaii, 81,000 of them with wartime service. Further, Hawaii veterans over the age of 65 have a median annual income of only \$5,000. Unless these veterans qualify for welfare or can afford to pay for private nursing care, these are no facilities presently available for them.

Your Committees find there is a need in the state for a veterans home to provide intermediate nursing and domiciliary care to veterans.

The home to be established by this bill would be set up by the Department of Health, in compliance with Federal guidelines for veterans homes set forth by Title 38, United States Code. The Department of Health would administer the home, appointing appropriate personnel as necessary.

Once the home is established, the Department of Health would, in compliance with Federal law, set up eligibility requirements for admission. These requirements would include being eligible for Veteran's Administration per diem funds. The Department of Health would be required to set the rate of fees charged, provided that no veteran would be expelled from the home because of inability to pay, and provided that fees could be waived for impoverished veterans.

Under this bill, the Department of Health would also be required to seek all available Federal aid.

In the case of veterans homes, sixty five per cent (65%) Federal matching funds are available to the states. Testimony from the Hawaii State Veterans Council indicated that before Federal funds would be appropriated, however, a legislative vehicle permitting the establishment of such a home must exist. Your Committees believe this bill is such a vehicle.

Your Committees find that Act 9, Section 2, III, H4, Session Laws of Hawaii, Regular Session 1977, earmarks the sum of \$25,000 for plans for the construction of the Hawaii Home for Veterans. It is the intent of your Committees that this money be used for a final planning study, so that the home may be established.

Your Committees on Housing and Youth and Elderly Affairs are in accord with the intent and purpose of H.B. No. 2899-78 and recommend that it pass Second Reading and be referred to the Committee on Public Employment and Government Operations.

Signed by all members of the Committee except Representatives Baker and Ushijima.

SCRep. 272-78

Public Employment and Government Operations on H.B. No. 2729-78

The purpose of this bill is to replace Section 78-18.5, Hawaii Revised Statutes, by adding a new chapter to provide for adjustments in the compensation, hours, terms and conditions of employment and other benefits of public officers and employees excluded from collective bargaining, excepting those officers and employees whose compensation is presently established by the Constitution, statutes or legislative enactment other than chapters 77, 297 and 304.

Under the provisions of this bill, the chief executives of the State and counties, the Board of Education and the Board of Regents would determine the adjustments to be made and which excluded officers or employees should be granted such adjustments. The bill also establishes certain guidelines and limitations which must be adhered to in the granting of such adjustments and vests the final approval for any adjustments with the appropriate legislative bodies. For excluded officers and employees under the same compensation plans as officers and employees within collective bargaining units, adjustments shall be not less than those provided under collective bargaining agreements for officers and employees hired on a comparable basis. For excluded officers and employees who are not covered under the same compensation plans as officers and employees within collective bargaining and whose salaries are presently authorized to be fixed by the appointing authority, the appointing authority may continue to make specific salary adjustments. All adjustments, however, would be subject to the following limitations:

- 1) For officers and employees covered by chapter 304, no adjusted compensation shall exceed ninety-five per cent of the compensation paid to the president of the University of Hawaii under section 26-52(2); and
- 2) For officers and employees covered by chapters 77 and 297, no adjusted compensation shall exceed ninety-five per cent of the compensation paid to their respective first deputy or first assistant of State or county department.

Upon reviewing the testimony presented on this bill, your Committee has made several substantive amendments which are as follows:

- 1) The bill has been amended throughout to provide that the Chief Justice of the Supreme Court shall determine the adjustments to be made for excluded officers and employees of the Judiciary. This amendment is consistent with the legislative intent of Act 159, Session Laws of Hawaii 1977, which established a separate personnel system for the Judiciary.
- 2) Reference to the first deputy or first assistant of county departments was deleted from the limitation on adjustments in compensation for excluded officers and employees covered by Chapters 77 and 297. Your Committee believes that in order to promote the uniform administration of compensation of officers and employees throughout the State, a uniform ceiling should be established and applied to adjustments in the compensation of excluded officers and employees. Accordingly, the amended bill provides that for excluded officers and employees covered by Chapters 77 and 297, no adjusted compensation shall exceed ninety-five per cent of the compensation established by law for the first deputy or first assistant to a State department head.
- 3) A provision has been added to maintain at their present levels, the salaries of excluded officers and employees covered by Chapters 77 and 297 which exceed the ninety-five per cent limitation in relation to the State first deputy's salary. An officer or employee who is receiving a salary in excess of the limitation shall continue to receive the salary so long as he remains in the same position or until such time as the salary of the first deputy or first assistant to a State department head is sufficiently increased to authorize adjustments to the officer's or employee's salary.
- 4) Language was added to clarify the procedures for submission of any adjustments which constitute cost items to the appropriate legislative bodies. The amendments provide that cost items for excluded employees shall be submitted separately from any cost items negotiated under collective bargaining.
- 5) A provision for retroactive application has been added to provide salary adjustments for those excluded officers or employees who were eligible on July 1, 1977 for salary increases in the same amount or percentage as

salary increases granted to officers or employees in collective bargaining, but who were not granted the full amount of the increase. Salary adjustments equal to the difference between the full amount and the amount such officers or employees actually receive would be granted, retroactive to July 1, 1977.

Your Committee has made other amendments for the purpose of clarifying legislative intent which do not affect the substance of this bill.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 2729-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2729-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 273-78 Water, Land Use, Development and Hawaiian Homes and
Ocean and Marine Resources on H.B. No. 3033-78

The purpose of this bill is to provide enabling legislation to support proposed rules and regulations for the exploration and development of geothermal resources.

In drafting the proposed rules and regulations the State Attorney General found that Chapter 182 does not give the Board of Land and Natural Resources the authority to promulgate certain rules which the Board deemed necessary for the promotion and development of geothermal resources. This bill will give the Board the authority necessary to promulgate rules and regulations consistent with the purpose set forth above.

The following is a summary of the proposed amendments to Chapter 182, set forth in H.B. No. 3033-78:

The bill amends Section 182-4 to give the Board the flexibility to devise other methods of bidding on mining leases. Under the present law, the Board can only award mining leases at auction based on the annual rental. Thus, the Board could not use other methods of bidding to obtain a higher return.

Section 182-5 is amended to clarify the requirement that a vote of two-thirds of the members to which the board is entitled is necessary before awarding a mining lease on reserved lands without public auction.

Section 182-7 is amended to give the Board flexibility to establish methods of payment other than a royalty to be consistent with the proposed amendment to Section 182-4.

Section 182-8 is amended to give the Board the power to impose a limitation on the number of acres held by any one person under mining leases issued by the Board. Your Committee feels that this proposed amendment will help to minimize the possibility of monopoly and speculation by persons who would otherwise amass large tracts of undeveloped acreage and, thereafter, make no attempt to develop the resource.

A new section entitled "Unitization" is added. In order to prevent waste and to promote the development of geothermal resources in situations where the resource is located below more than one parcel of land, the Board will have the authority to compel owners of mineral rights beneath adjoining properties to collectively enter into an agreement which would permit mining of the resource.

Your Committees feel that the following amendments should also be made and that the bill has been amended accordingly:

1. A new section entitled "Penalty for violation" as set forth in Section 6 of H.B. No. 3033-78, H.D. 1. Under the present law the Board is not authorized to cite mining lessees or their transferees for any violation of Chapter 182 or any rules and regulations adopted thereto. The inclusion of penalties are important to prevent the waste, degradation or damage to the resources.

2. A new section entitled "Levy and assessment of general excise tax" as set forth in Section 7 of H.B. No. 3033-78, H.D. 1. This amendment will provide an additional incentive for geothermal producers. Prior to this amendment, because the sale of geothermal power was not mentioned under manufacturers or producers, there was some concern that the sale of geothermal power would be considered at the 4% rate.

Your Committees on Water, Land Use, Development and Hawaiian Homes, and Ocean and Marine Resources, are in accord with the intent and purpose of H.B. No. 3033-78 as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 3033-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 274-78 Water, Land Use, Development and Hawaiian Homes and Ecology and Environmental Protection on H.B. No. 2639-78

The purpose of this Bill is for a supplementary appropriation for Onomea Bay Park, Hilo, Hawaii.

Your Committees on Water, Land Use, Development and Hawaiian Homes, and Ecology and Environmental Protection, are in accord with the intent and purpose of H.B. No. 2639-78 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 275-78 Water, Land Use, Development and Hawaiian Homes on H.B. No. 2570-78

The purpose of this bill is for the department of land and natural resources to set aside land suitable for the establishing of a veterans cemetery of one acre on the island of Lanai.

A total of 298 Lanai residents have rendered services to our Country as members of our Armed Forces. Your Committee feels these veterans, their spouses and their minor children are deserving of an established and well-maintained cemetery in recognition of their services, and in recognition of their right to receive the same final dignity and honor accorded all other veterans throughout the State.

Your Committee on Water, Land Use, Development and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 2570-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 276-78 Water, Land Use, Development and Hawaiian Homes on H.B. No. 2483-78

The purpose of this bill is to expand commercial and recreational fisheries and aquaculture planning, research, development and management to insure the protection and optimum utilization of aquatic resources and to qualify Hawaii for full participation in federally assisted programs and projects by providing funds and in-kind services to match such federal funds as may become available.

Recent involvement of the Department of Land and Natural Resources in activities such as the investigation of fisheries resource potential of the Northwestern Hawaiian Islands, the establishment of the U.S. 200-mile extended fisheries jurisdiction, the national emphasis on aquaculture programs, and availability of federal funds through federally assisted programs demand that accelerated attention be focused on the planning, research, development and management of the State's aquatic resources.

The Department currently participates in fisheries activities that are partially funded through Sea Grant, Commercial Fisheries Research and Development, and Sport Fish Restoration programs. Inasmuch as these programs are federally funded on a reimbursable matching basis, your Committee feels it is imperative that adequate State matching funds be made available for full program participation.

However, concerted efforts to expand commercial and recreational fisheries and aquaculture planning, research, development and management, and full participation in federally assisted programs are seriously impaired and cannot be immediately undertaken because of chronic manpower and budgetary shortages.

Your Committee on Water, Land Use, Development and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 2483-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 277-78 Water, Land Use, Development and Hawaiian Homes on
H.B. No. 3059-78

The purpose of this bill is to insure adequate funding of wildland fire suppression.

Section 185-4, HRS, has been interpreted by the Attorney General's Office to exclude state agencies from reimbursement for fire suppression costs. Chapter 185 delegates responsibility for wildland fire suppression to the State Forester and provides costs will be paid from the Governor's contingency fund if such is established.

In the past, firefighting expenses have been paid from departmental savings and funds appropriated for tree planting. As the department of land and natural resources budgeting improves and the tree planting program intensifies, the costs of fire suppression will have an increased effect on the department's programs.

Your Committee feels it is necessary to set up a fire suppression fund which is available for unbudgetable fire suppression costs which cannot be used for any other purpose and which will lapse at the end of the fiscal year so that the unexpended balance will not be carried over.

In wet years when fire occurrence is low, a major portion of this fund should lapse. This year may be one of Hawaii's worst fire years. Rainfall is 1/3 to 1/2 below normal at many stations throughout the State. As of February 16th, more than \$100,000 has been expended on fire suppression and the impact on the department of land and natural resources will be severe.

The bill has been amended to re-word the fire fighters contingency fund.

Your Committee on Water, Land Use, Development and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 3059-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3059-78, H.D. 1 and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 278-78 Agriculture on H.B. No. 2793-78

The purpose of this bill is to protect the public by requiring the manufactures of nonchemical pest control devices or their representatives to submit efficacy data for examination and review may require the furnishing of specimen material or samples as may be necessary for efficacy and safety determination and approval prior to the authorization for the sale of each devices in the state.

Your Committee has found that there is need to regulate the sale of nonchemical pest control devices, since many have been of doubtful efficacy and safety. Testimonies presented expressed concern of ineffective and unsafe nonchemical pest control devices, such as electro-magnetic, sound and ultra, cosmic, and other waves are being sold, may pose actual or potential threats to human health and safety.

Your Committee has learned both the United States Environmental Protection Agency, and the Office of Consumer Protection in Hawaii have issued stop-sale on some devices because of their ineffectiveness.

Your Committee has amended the bill by amending Sec. 460J and Sec. 460J-1 with respect to, (1) by adding word safety, after each word "efficacy", and (2) deleting the following, from subsection (b), "and shall approve or disapprove the device or initiate other appropriate action which may include recommendations for modifying or otherwise removing or correcting such deficiencies or hazards as may be determined through examination and testing".

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 2793-78, as amended herein, and recommends that it pass Second Reading in the form

attached hereto as H.B. No. 2793-78, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee.

SCRep. 279-78 Energy and Transportation on H.B. No. 3051-78

The purpose of this bill is to propose amendments to Sections 93 and 93A of Act 195, Sessions Laws of Hawaii 1975.

The amendments proposed by this bill authorize the substitution of airport and harbor revenue bonds in lieu of reimburseable general obligation bonds authorized by Act 195, Sessions Laws of Hawaii 1975 as amended by Act 226, Sessions Laws of Hawaii 1976, and Act 110, Session Laws of Hawaii 1977.

There is concern that the State may have to curtail the issuance of general obligation bonds. Notwithstanding the curtailment, there are certain essential capital improvement projects which must be funded and constructed. The amendments prepared by this bill will authorize the use of revenue bonds to fund these projects. Act 110, Session Laws of Hawaii 1977, failed to include projects authorized under Act 226, Session Laws of Hawaii 1976. This bill corrects the omission.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 3051-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 280-78 Energy and Transportation on H.B. No. 2107-78

The purpose of this bill is to define "mass transit" and to clarify the modal authorities for mass transit and require proper interfacing and integration of the systems to best meet the needs of the area being served.

The bill authorizes the Department of Transportation to perform the tasks and services related to water and air transit systems, while granting the counties the power to acquire and operate land transit systems.

The bill also provides funding requirements for waterborne mass transit. However, the Department of Transportation recommended that this section be deleted as requests for funds will be made by separate appropriations. Your Committee has amended the bill accordingly.

To more clearly define the authority and responsibility of the counties in respect to providing land transit service, your Committee has deleted "may" on page 3, line 5 of the bill and retains the original wording "Every county shall have power to provide land mass transit service."

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 2107-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2107-78, H.D. 1 and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 281-78 Energy and Transportation on H.B. No. 2138-78

The purpose of this bill is to provide tax incentives for water conservation devices equal to 50 per cent of the total cost of the devices.

As water levels throughout the state approach dangerously low levels, your Committee finds the use of water saving devices may delay the need to develop expensive alternative water resources.

The Board of Water Supply estimates that the average household of four persons can save 1,500 gallons a month by using water saving device. At the current cost of water

(37 cents per 1,000 gallons) the reduction in their monthly water bill is 55 cents.

Because the savings may not be significant enough to influence individuals in the purchase of such a device, your Committee finds that the initial costs of purchase and installation are critical factors in encouraging the use of water conservation devices.

Testimony presented by the Department of Taxation notes that the policy of the current administration precludes any further erosion of the state tax base. Accordingly, your Committee has amended the bill to provide a tax credit against the real property tax.

Your Committee has further amended the bill to require the Board of Water Supply in each county to develop and publish a list of allowable water conservation devices and their normal retail cost which would represent the maximum total cost allowable in the computation of the tax credit.

The bill has also been amended to correct a clerical error on page one, line 17, changing December 13, 1977 to December 31, 1977.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 2138-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2138-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 282-78 Energy and Transportation on H.B. No. 2876-78

The purpose of this bill is to increase the income tax credit for solar energy devices from 10 percent of the total cost of the device to 25 percent or \$800, whichever is less.

Your Committee finds that in order to encourage the use of solar energy as an effective method of reducing our dependence on fossil fuel energy, a sufficient incentive must be provided to the private investor who faces a high initial cost for the equipment and installation of a solar energy device.

Testimony heard by your Committee noted that increased sales of solar water heaters would generate a certain amount of tax revenues and may serve to stimulate, on a small scale, the economic climate of the industry and the state.

Your Committee finds, however, that enactment of the tax credit must also be accompanied by an extensive public information program to apprise homeowners of the nature of the tax credit and how to file for it. Your Committee heard testimony citing California's tax credit of 55 per cent of the cost for solar energy devices. The lack of a public information program contributed to the limited utilization of the tax credit there.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 2876-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 283-78 Energy and Transportation on H.B. No. 2936-78

The purpose of this bill is to appropriate supplemental funds for the 1977-78 fiscal year and to appropriate funds for the 1978-79 fiscal year to be expended for the operations of the Oahu Metropolitan Planning Organization (OMPO). Your Committee finds that supplemental funds for the 1977-78 fiscal year will provide for non-participatory expenses.

Funds for fiscal year 1978-79 for the operations of OMPO will be included in the 1978-79 Supplemental Budget. Your Committee therefore finds it sufficient to appropriate funds for the 1977-78 fiscal year only. This bill has been amended accordingly.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 2936-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2936-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 284-78 Energy and Transportation on H.B. No. 2937-78

The purpose of this bill is to appropriate funds for an Oahu Metropolitan Planning Organization Revolving Fund. This fund will provide the means to meet the financial obligations of OMPO operations on a timely basis.

Testimony was submitted in full support of this bill. However, concurrent with the Department of Transportation, your Committee finds that a revolving fund of \$30,000 will be sufficient. This bill has been amended accordingly.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 2937-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2937-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 285-78 Energy and Transportation on H.B. No. 2868-78

The purpose of this bill is to eliminate the double taxation and pyramiding effects on sales of electric power generated from non-fossil fuels to the public utility companies for resale to customers.

Your Committee received testimony in full support of this bill.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 2868-78 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee.

SCRep. 286-78 Judiciary on H.B. No. 1949-78

The purpose of this bill is to clarify the present laws relating to marriage by providing that persons getting married under the laws of Hawaii and the person performing the marriage ceremony must all be physically present in Hawaii at the same place and time for the marriage ceremony. This bill would prevent marriages by telephone or by proxy.

Your Committee heard testimony from the Department of Health recommending that Section 572-1 (6) be amended to delete the reference to leprosy on the basis that reference to leprosy was deleted as a ground for annulment in 1957. Accordingly your Committee has deleted the phrase "affected with leprosy or" from Section 572-1 (6).

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1949-78 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1949-78, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Baker.

SCRep. 287-78 Judiciary on H.B. No. 2135-78

The purpose of this bill is to prohibit the use of radio equipment to commit a crime or to interfere with or disrupt police operations.

Your Committee heard testimony from the Honolulu Police Department that use of radio, receiving/transmitting equipment by the public has significantly increased recently, and persons involved in unlawful activity have monitored police transmissions to assist themselves in the successful perpetration of criminal acts. Incidents have also occurred where unauthorized transmissions on police frequencies have interfered with police operations.

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

2135-78 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 Baker.

SCRep. 288-78 Judiciary on H.B. NO. 2094-78

The purpose of this bill is to amend the Hawaii Administrative Procedures Act to provide that the burden of proof in contested cases under the act shall include both the burden of persuasion as well as the burden of producing evidence, and that the quantum of proof required to carry the burden is by a preponderance of the evidence.

Your Committee was informed by the Office of the Attorney General that in the Federal Administrative Procedures Act, it is specifically provided that the proponent of a rule or order has the burden of proof. There is no comparable provision in the current Hawaii Administrative Procedures Act. Due to the absence of such a provision it has been suggested in licensing cases that the quantum of proof required is clear and convincing evidence, a higher standard than by a preponderance. The bill would adopt the common law standard as established for other civil actions.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2094-78 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 Baker.

SCRep. 289-78 Judiciary on H.B. No. 2308-78 (Majority).

The purpose of this bill is to provide that where the value of the property or services involved in the offense of theft in the first degree or the value of the property damage in the offense of criminal property damage in the first degree exceeds \$5,000, the offense shall be a class A felony.

Your Committee feels that the present statute does not adequately deal with the disparity between the \$187,000 and the \$500 crimes with both resulting in similar penalties.

Your Committee also believes that the inclusion of additional degrees of penalty based upon the value of property or services affected would not only be more satisfactory to the victims of high loss crimes but to those defendants whose offenses involve degrees of damage to society which are not as significant as other who now face the same penalties.

However your Committee believes that the figure of \$5,000 is not high enough to justify upgrading the offenses to class A felonies and has amended the bill by setting a figure of \$50,000 for the offense of criminal property damage in the first degree and \$25,000 for the offense of theft in the first degree. Thus if the property or service affected exceeds \$50,000 or \$25,000 respectively, the aforementioned crimes will be class A felonies.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2308-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2308-78, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Baker.
(Representative Naito did not concur).

SCRep. 290-78 Judiciary on H.B. No. 1951-78

The purpose of this bill is to authorize the Department of Health to accept adoption decrees of courts of foreign countries involving persons born in Hawaii. Section 338-20(b), presently limits acceptance of adoption decrees to those rendered by Hawaii courts and courts of other states and territories subject to the jurisdiction of the United States.

Your Committee heard testimony from the Department of Health stating that the provision

would be consistent with the proposed national model vital statistics law which has a provision for acceptance of foreign adoption decrees or certified abstract of such decrees. The department also testified that adoption of the provision will benefit persons born in Hawaii who are adopted in foreign countries by enabling them to have new birth certificates issued reflecting their adoptive names and personal particulars of their adoptive parents, rights which are presently available only to persons whose adoptions were decreed in American courts. Adoption of the provision will also save the adoptive parents from having to repeat the adoption procedure in the United States.

Your Committee was informed that adoption of the provision will not affect immigration proceedings, as such proceedings are controlled by federal statute without reference to state adoption statutes.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1951-78 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 Baker.

SCRep. 291-78 Judiciary on H.B. No. 1967-78

The purpose of this bill is to increase the jurisdictional limits of the district courts and of the small claims courts to increase service afforded by these courts.

At present, the district courts are empowered to hear civil cases involving \$5,000 or less, and the small claims courts hear certain civil cases involving \$300 or less. The bill doubles these amounts because inflation has eroded the value of present jurisdictional limits. The bill also expands the original jurisdiction of the district courts to cases involving up to \$2,000. These limits are being increased so that actions involving small sums and traditionally brought in district courts may remain there, and so that the simplified procedures of small claims courts will continue to be available in disputes involving smaller sums. In addition, increasing the jurisdictional limits will insure that the district courts will continue to be available to rural persons for whom traveling to a circuit court may be a hardship.

Your Committee heard testimony to the effect that the increased jurisdictional limits will help to restore the balance between the district and circuit courts. The circuit courts have accrued a substantial backlog of cases, some of which would have been heard in the district courts under the new limits.

Your Committee concurred with the Office of Consumer Protection's recommendation that the jurisdictional limit of the small claims court should be increased from \$300 to \$1,000 in order to meet the inflationary trend of our economy. Accordingly, your Committee has amended Section 2 of the bill to reflect the increase figure.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1967-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1967-78, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Baker.

SCRep. 292-78 Judiciary on H.B. No. 2093-78

The purpose of this bill is to provide that the physician-patient privilege provided in section 621-20.5, Hawaii Revised Statutes, does not apply to any administrative or judicial proceeding in which the competency, medical license, or practices of the physician are at issue.

Presently, disciplinary action taken by the Board of Medical Examiners against physicians has been frustrated by the confidentiality requirement of section 621-20.5, Hawaii Revised Statutes. Your Committee heard testimony from the Office of the Attorney General that licensed physicians have interposed the physician-patient privilege to thwart government efforts to obtain the records of the licensee's patients. Thus, the licensees have in effect used the privilege as a means to shield themselves from detection, prosecution, and punishment from authorities.

Your Committee believes that the purpose of the physician-patient privilege is to

protect the patient against embarrassment and invasion of privacy and to encourage the free disclosure by the patient so as to aid in the effective treatment by the physician. The privilege was never intended to protect a physician from his own wrongdoings.

Your Committee further believes that there is public interest in ensuring that the physician is properly healing the physical ailments of existing patients and that this bill provides the State with the necessary tool to question the competency, medical license, or practices of a physician.

Your Committee made a technical change in style which does not affect the substance of the bill.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2093-78 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2093-78, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Baker.

SCRep. 293-78 Judiciary on H.B. No. 2312-78

The purpose of this bill is to increase the jurisdictional limit under the probate code procedure which permits collection of debts owed to a decedent or personal property of the decedent upon the presentation of a death certificate and an affidavit by anyone claiming to be a successor of the decedent. Your Committee agrees that usefulness of the procedure has been limited by inflation and believes that the bill provides a more practical dollar limitation.

Under present law, the affidavit requires a statement that the net value of the decedents estate is less than \$100.

A further purpose of the bill is to increase the jurisdictional amount for estates where circuit court clerks are authorized to collect and distribute assets of a decedent's estate. The present jurisdictional amount is for estates not in excess of \$700. Your Committee finds that because of the inflation, the jurisdictional limit should be increased more than as proposed by the bill. The bill has therefore been amended to reflect a jurisdictional limit of \$2000.

Your Committee also made a technical amendment to conform the bill to the statute.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2312-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2312-78, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Baker.

SCRep. 294-78 Judiciary on H.B. No. 1881-78

The purpose of this bill is to confer concurrent jurisdiction upon the district courts to hear and determine certain claims against the State which are within the jurisdictional limits of the district courts.

Your Committee finds that extending original jurisdiction in such cases to the district courts will better serve the public, especially those in rural areas for whom the district court is the closest court. Since the district courts are now courts of record, and since district judges are now required to be licensed attorneys, and since the jurisdictional limit of the district court has been increased, the reasons for confining such cases to the circuit courts no longer exist.

The bill as originally drafted, would have deleted the requirement that the Hawaii Rules of Civil Procedure be followed in actions under the chapter because those rules are not applicable in the district courts. However, your Committee has amended the bill to require that the Hawaii Rules of Civil Procedure and District Court Rules of Procedure be followed as applicable.

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

1881-78, as amended herein, and recommends that it pass Second REading in the form attached hereto as H.B. No. 1881-78, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Baker.

SCRep. 295-78 Consumer Protection and Commerce on H.B. No. 1961-78

The purpose of the bill is to require a collection agency to have a board-approved principal collector who would be responsible for the operation and activities of the collection agency business.

Your committee finds that it is the practice of the collection agencies in the State to place an employee in direct management and control of the collection agency. This employee is referred to as the "principal collector".

For the protection of the public, your committee strongly urges that there be a qualified person designated in charge of the business and that such a person be approved as possessing sufficient expertise and/or training and registered with the Collection Agency Board.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1961-78 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 Baker.

SCRep. 296-78 Consumer Protection and Commerce on H.B. No. 1965-78

The purpose of this bill is to effect a pro forma amendment to section 431-370 of the Hawaii Insurance Law.

Under the present provision, individuals holding the designation of chartered life underwriter (C.L.U.) are not required to pass the State of Hawaii Insurance Division examinations to be licensed as a general agent, subagent, or solicitor for life and disability insurance. A C.L.U. qualifies for his designation by having completed a series of examinations and certain other requirements established by the American College of Life Underwriters, Incorporated. Your Committee received testimony that this organization changed its name to "The American College", effective July 4, 1976, thereby requiring a parallel change in the statutory reference.

Your Committee recommends passage of this bill to effectuate such change.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1965-78 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 Baker.

SCRep. 297-78 Consumer Protection and Commerce on H.B. No. 1964-78

The purpose of this bill is to delete the requirement that the veterinary examination be only given during April and September of a calendar year. Your Committee feels that the bill will provide much needed flexibility in the examination schedule by authorizing the Board of Veterinary Examiners to establish the examination dates.

Under the present law, graduates of veterinary colleges, graduating either in May or December, have to wait almost four months before taking the examination. Your Committee has determined that such a prolonged wait results in a particular hardship among these applicants.

In view of the flexibility provided and the hardship alleviated, your Committee agrees with the Board of Veterinary Examiners and urges favorable consideration of this bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent

and purpose of H.B. No. 1964-78 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 Baker.

SCRep. 298-78 Consumer Protection and Commerce on H.B. No. 2784-78

The purpose of this bill is to clarify and confirm the right of a limited partnership to hold title to property in its own name.

Under present law, the right of a limited partnership to hold title to property in its own name is ambiguously stated. This bill clarifies the existing law by specifying how property, and title thereto, is to be acquired or conveyed by a limited partnership. Your Committee finds that inasmuch as this bill does not create new law, but provides needed clarification of existing law, it recommends the bill's favorable consideration.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2784-78 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 Baker.

SCRep. 299-78 Consumer Protection and Commerce on H.B. No. 1936-78

The purpose of this bill is to require water carriers to obtain the Public Utilities Commission's (PUC's) approval prior to issuing securities and other indebtedness including long-term and leverage leases.

Presently, unlike in the public utility laws, there is no provision in the water carrier laws requiring a water carrier to obtain PUC approval before issuing securities or increasing long-term indebtedness. Your Committee finds that effective regulatory objectives for water carriers and public utilities, which include an assessment of the reasonableness of rates and charges for their services, requires that the process include regulatory review of the financial transactions which commit the regulated company to securities or other evidences of indebtedness because such transactions involve the cost of capital, determine the revenue requirements of such company, and ultimately affect the rates to be charged the consumer or ratepayer.

Your Committee believes that the effect upon ratepayers of the water carrier's financial decisions concerning the issue of securities and other indebtedness requires that the PUC review such transactions in the public's interest prior to any authorization thereof.

With respect to long-term leases, however, your Committee is of the opinion that as drafted, the bill regulates the making of leases rather than the financing of large capital programs by way of long-term leases. As such, leases for office space, motor vehicles, and equipment would require PUC approval. Since the intent of the bill is to regulate water carrier financing through leases, and not leases per se, your Committee has amended the bill to require a water carrier to secure PUC's approval before it enters into financing leases including leverage leases.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1936-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1936-78, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Baker.

SCRep. 300-78 Water, Land Use, Development and Hawaiian Homes on
H.B. No. 2070-78

The purpose of this bill is to ensure that the public has adequate notification and opportunity to comment on proposed water projects, to ensure that an adequate analysis is made of such projects, and to ensure that the board of land and natural resources is informed and involved in the analysis.

Your Committee finds that there is a need to carefully evaluate proposals for water

development, and to involve both the board of land and natural resources and the general public in such evaluations.

Your Committee further finds that Chapter 176 of the Hawaii Revised Statutes grants the board of land and natural resources broad powers and responsibilities to collect and analyze all information regarding water resources, and that passage of this bill will better facilitate implementation of that chapter.

Your Committee finds, however, that the original requirement to notify "all landowners and community organizations in the ahupuaa where the water development project is to be located" is cumbersome and likely to be costly. Accordingly, your Committee has amended this section by limiting notification requirements to publication in newspapers and notification in writing to those groups and individuals that make a formal request.

Your Committee on Water, Land Use, Development and Hawaiian Homes, is in accord with the intent and purpose of H.B. No. 2070-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2070-78, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 301-78 Water, Land Use, Development and Hawaiian Homes and Ocean
and Marine Resources on H.B. No. 2071-78

The purpose of this bill is to require the board of land and natural resources to publish an annual report on the natural water resources of the State, to require that report be submitted to the legislature each year, and to encourage the board of land and natural resources to collect all the information that may be necessary to adequately evaluate the water resources of the State.

Your Committees find that, given the current water situation, and given the duties and responsibilities of the board of land and natural resources, it is not unreasonable that the board publish an annual report to inform the legislature and the general public of the current situation.

Your Committees further find that the board should be encouraged to collect as much information as possible in evaluating the state of water resources. Accordingly, your Committees have added a minor amendment allowing the board to develop its own standard forms for the collection of information, and to authorize the board to take the initiative in collecting that information.

Your Committees further find that the original language of the bill required a report on the "amount of water development" at a time when exact figures might not be available. Accordingly, your Committees have amended this section to include the words "estimated amount" and "probable cost".

Your Committees on Water, Land Use, Development and Hawaiian Homes, and Ocean and Marine Resources are in accord with the intent and purpose of H.B. No. 2071-78, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2071-78, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 302-78 Ocean and Marine Resources and Ecology and Environmental
Protection on H.B. No. 2106-78

The purpose of this bill is to exclude beach sand replenishing projects by the State or counties from the existing statutory prohibition against sand mining in the shoreline area or within 1,000 feet seaward or in ocean water of 30 or less feet in depth, and to remove superfluous provisions from Section 205-33(a), Hawaii Revised Statutes.

Your Committees find that beach erosion is becoming a major problem. While it is possible to replenish our beaches, current statutes prohibit the mining of sand in the near shoreline area for this purpose. Since beach replenishment is a necessary public purpose, statutory restrictions should be removed.

Your Committees find that the ocean floor contains almost unlimited sand deposits

suitable for beach replenishment. Many of these deposits can be safely mined without disrupting the natural movement of sand from beaches to the ocean and back to the beaches.

Your Committees also find that it may be less costly to mine sand not necessarily "adjacent" to beaches earmarked for replenishment. The department of transportation needs flexibility in selecting which deposits to mine. Accordingly, your Committees have deleted the word "adjacent" from page one, line six. Your Committees feel that such language might be too restrictive and might discourage the mining of sand further from the shoreline.

Your Committees on Ocean and Marine Resources and Ecology and Environmental Protection are in accord with the intent and purpose of H.B. No. 2106-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2106-78, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 303-78 Employment Opportunities and Labor Relations on H.B. No. 2627-78

The purpose of this bill is to make it unlawful to suspend or discharge an employee solely because the employee is cooperating in the prosecution or defense of a criminal charge.

This subject was brought to the attention of the State Commission on the Status of Women in cases involving rape victims who were threatened with the possibility of discharge from employment because they were absent from work when called to testify as witness at criminal rape trials.

Your Committee finds that similar provisions protecting the employment of persons participating in activities such as jury duty and elections are in the statutes. This bill will further the improvement of criminal justice generally in this State and will protect employees from loss of employment when carrying out their obligations to the criminal justice system.

The bill as introduced amends Section 378-32, H.R.S. relating to unlawful suspension or discharge from employment. Your Committee agrees with the testimony presented that it would be more appropriate to amend Chapter 621, H.R.S. relating to Evidence and Witness, Generally, and has accordingly amended the bill by deleting the amendment to Section 378-32 H.R.S. and adding a new section to Chapter 621 H.R.S. relating to unlawful suspension or discharge of employees who serve as witnesses.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.B. 2627-78 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. 2627-78, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 304-78 Finance on H.B. No. 2479-78

The purpose of this bill is to provide that overpayment of inheritance and estate taxes resulting from mistake of fact or a mistake of law, or arising out of a payment or payments made to the director based upon an estimate of the amount of tax in advance of the actual calculation of the tax shall be refunded together with interest at the rate of eight per cent per annum.

Presently, HRS 236-34 provides that payment of inheritance and estate taxes to the director of taxation in excess of the amount due under HRS 236-2 to 236-6, whether such overpayment was due to a mistake of fact or a mistake of law, or arose out of a payment or payments made to the director based upon an estimate of the amount of tax in advance of the actual calculation of the tax, shall be refunded without interest.

Your Committee agrees with the Department of Taxation that interest should be paid on refunds just as interest is charged on assessments. This bill will equalize the rates of interest for inheritance tax refunds with refunds of other state taxes.

Your Committee has amended this bill to specify that interest should be payable from

the due date of the return or the date of payment, whichever is later, by adding a new sentence beginning on page 1, line 12. The 18 months provision will take into account the peculiarity of the inheritance tax law which provides for a due date on the date of death of the decedent but allows the tax to be paid without interest within 18 months due date.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2479-78, amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 247978, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 305-78 Judiciary on H.B. No. 1923-78

The purpose of this bill is to provide authorization for the Director of Budget and Finance to destroy or otherwise dispose of unclaimed property which is determined to be of no apparent commercial value after publication of a notice of intent to destroy or otherwise dispose of the property in a newspaper of general circulation.

Since June 1974, the unclaimed property program established under Chapter 523, Hawaii Revised Statutes, has been administered by the Department of Budget and Finance. Under this program, the State receives unclaimed property such as inactive checking and savings accounts, unclaimed wages and dividends, etc. from banks and other institutions and retains these funds until the rightful owner submits a claim for them. The State also receives unclaimed property that is not in the form of money, such as jewelry, stock certificates and musical instruments. These items are appraised and subsequently sold at a public sale.

Chapter 523, Hawaii Revised Statutes, provides for the sale of unclaimed property not in the form of money. However, there are no provisions regarding the disposition of property that has no value and therefore cannot be sold. The bill will correct this omission in the law by allowing the State to destroy or otherwise dispose of the property.

The bill also provides that no action or proceeding shall be brought against the State or any officer of the State on account of the destruction or disposition of the unclaimed property with no commercial value.

Your Committee was informed that such property is not turned over to the state until it has remained unclaimed for seven years. Based on this fact and the costs involved with publication of notices, your Committee finds that the publication requirement is unnecessary in the case of unclaimed property which has no apparent commercial value. Therefore, your Committee has amended the bill by deleting the publication requirement relating to unclaimed property with no apparent commercial value.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1923-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1923-78, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Baker.

SCRep. 306-78 Judiciary on H.B. No. 1889-78

The purpose of this bill is to provide that oral argument before the supreme court is a procedural matter which is within the discretion of the supreme court; to increase the availability of retired supreme court justices for substantial service on the court; and to deal with the problems caused by the retirement or resignation of a justice after oral argument but before the issuance of an opinion.

The bill deletes the first sentence of present section 602-11 and a new sentence is added to clarify that the supreme court is empowered to dispense with oral argument in appropriate cases. The use of the word "hearing" in the present statute creates a possible ambiguity as to whether oral argument must be held in every case considered by the supreme court. Although it is likely that the word "hearing" was intended to be used in the broad sense of "consideration" and that the statute was not intended to require oral argument in every case, your Committee finds that the statute should be amended to ensure that the supreme court has the necessary flexibility in deciding

individual cases.

It is also true that the supreme court, pursuant to its constitutional rule-making power (Hawaii Constitution, article V, section 6), is already empowered to promulgate rules of court providing for the denial of oral argument; but it is preferable to avoid a possible conflict between the rules of court and the statutes. Therefore a new phrase is added, providing that in appropriate cases the court, in its discretion, may dispense with oral argument. For example, if the issues on a particular appeal are clear cut and if the issues are fully discussed in the written briefs submitted by the parties, the court may want to save everyone's time by dispensing with the usual hour of oral argument. The parties, of course, might still petition the court to schedule oral argument in its discretion. Such flexibility is recommended in the American Bar Association Standards Relating to Appellate Court (Approved Draft 1977), at Standard 3.35(b): "Oral argument may be denied if the court concludes from a review of the briefs and record of the case that its deliberation would not be significantly aided by oral argument."

Other amendments to section 602-11 will clarify the circumstances under which substitute justices may be appointed, and will also increase the availability of retired supreme court justices for substitute service by removing the present age limitation upon service by retired justices.

Presently, section 602-11 permits the appointment of substitute justices where a justice is "disqualified" or "unable to attend". The amendment will clarify that a substitute justice may be appointed when a justice is absent, recused or excused. This amendment is consistent with article V, section 2 of the Hawaii Constitution, which provides that substitute justices may be appointed "when necessary".

Also, section 602-11 presently places limitations upon service by retired justices by making ineligible for service those retired justices who have reached age 70 or who are actively engaged in the practice of law. The bill would remove these limitations. Your Committee, however, finds that the limitation upon service by retired justices actively engaged in law practice should be retained because of the potential problems involved where the retired justice is chosen as a substitute, and later appears as an advocate before the circuit judge from whose court the appeal was taken, and where the retired justice deals with a lawyer, who has taken the appeal which the returned justice will be hearing. Accordingly the bill has been amended to retain the active practice limitation.

The bill adds a new sentence at the end of the section to deal with the problems arising when a justice retires or otherwise steps down from a case after oral argument of the case but before issuance of the court's opinion. The process of writing and rewriting opinions has always been time consuming; and at the present time, due to the court's heavy caseload, the delay between oral argument and the issuance of an opinion frequently amounts to a number of months. If a justice retires or otherwise steps down in the interim, and if a newly-appointed justice or a substitute circuit court judge is required to enter the case, the decisional allows the opinion in such a case to be signed by the remaining justices who heard the case, without filling the vacancy, provided that at least three justices concur.

Your Committee corrected a typographical error in the bill which does not affect the substance of the bill.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1889-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1889-78, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Baker.

SCRep. 307-78

Judiciary on H.B. No. 1877-78

The purpose of this bill is to amend the Statewide Traffic Code to prescribe procedures for traffic arrests, including the issuance of summons or citations for traffic offenses and for illegally parked vehicles. The bill also provides for issuance of warrants in cases where a person fails to comply with a penal summons, or if a person fails or refuses to deposit required bail. The bill also provides sections on "interpretation" and "severability" for the traffic code; prescribes additional penalties for moving violations; and provides for payment of fines and forfeitures to the state Director of Finance. The above provisions

were inadvertently omitted from the Statewide Traffic Code and are necessary for proper enforcement.

Your Committee heard testimony from the Honolulu Police Department recommending changes for clarification. Accordingly, your Committee amended the section entitled "Procedure Upon Arrest" on page 1 by changing the term "registered number" to "registered license number" to avoid confusing that number with the vehicle identification number (VIN).

Your Committee further amended the bill by amending the section entitled "Summons or citation on illegally parked vehicle." The word "user" on page 3, line 14, was replaced by the phrase "registered owner" and the word "driver" on page 3, line 16 was replaced by the phrase "registered owner of record" because of the problems which would be involved in attempting to identify and cite a user of an unattended vehicle if he were not present. Your Committee concurs with the police department that the registered owner of record should be held accountable.

Your Committee also heard testimony relating to difficulties encountered by policemen where traffic violators refuse to or are unable to provide adequate identification. Thus, your Committee further amended the bill to provide that any person arrested for a traffic violation shall not willfully refuse to provide name, address or proof thereof to a police officer acting in the course of his duties under the chapter.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1877-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1877-78, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Baker.

SCRep. 308-78 Judiciary on H.B. No. 1966-78

The purpose of this bill is to amend section 235-116, Hawaii Revised Statutes, to provide that all tax returns and information required to be filed under this chapter shall be confidential, including any copy of any portion of a federal return which may be attached to a State tax return, or any information reflected in the copy of such federal return.

The Internal Revenue Code, section 6103(p)(8) prohibits, after December 31, 1978, the disclosure of federal tax return information to states requiring the filing or reporting of federal tax return information and which have not adopted provisions of law protecting the confidentiality of federal tax return information.

Your Committee was informed that section 235-116, Hawaii Revised Statutes, does not meet the standards of section 6103(p)(8) of the Internal Revenue Code because it does not specifically provide that returns are confidential. Thus, this bill will conform the Hawaii statutory provision with the requirements of the Internal Revenue Code and eliminate any possibility of problems with Internal Revenue Service on the confidentiality of federal tax return information required by or furnished to the State.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1966-78 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 Baker.

SCRep. 309-78 Judiciary on H.B. No. 2095-78

The purpose of this bill is to amend the law relative to the duty of parties to marriage to support themselves, each other and their family. In the case of an ongoing marriage, existing law places the responsibility for such support solely on the husband. However, in the case of a legal separation or a divorce, either party to the marriage may be required, pursuant to court order, to fulfill in whole or in part this support responsibility, depending on the particular circumstances of the members of the family.

Article One, Section 21, of the Constitution of the State of Hawaii provides that:

Equality of rights under the law shall not be denied or abridged by the state on account of sex. The legislature shall have the power to enforce, by appropriate legislation, the provisions of this section.

Section 573-7, Hawaii Revised Statutes, does not appear to meet the constitutional standard because, in the case of ongoing marriages, by making the husband solely responsible in every case for family support, it discriminates on the basis of sex.

The bill also amends laws relating to divorce and separation by listing factors which are to be considered by the court in determining the disposition of property and support and maintenance obligations.

Your Committee found an inconsistency in the bill in that the factors to be considered by the court in divorce or separation cases were omitted from the section relating to ongoing marriage. Accordingly, your Committee amended the bill to include relevant factors to be considered by the court in determining the obligations of the parties.

Your Committee was informed that the bill as amended, is consistent with and was derived in part from the Uniform Marriage and Divorce Act, drafted by the National Conference of Commissioners on Uniform State Laws and approved by the American Bar Association in February, 1974.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2095-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2095-78, H. D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Baker.

SCRep. 310-78 Judiciary on H.B. No. 2148-78

The purpose of this bill is to amend section 707-711, Hawaii Revised Statutes, by deleting the requirement that a dangerous instrument be used when a person recklessly causes serious bodily injury to another without the use of any dangerous instrument. Presently these incidents are inadequately covered by the offense of assault in the second degree.

Your Committee heard testimony from the Honolulu Police Department indicating that there is a lack of an appropriate statute to cover incidents where a person recklessly causes serious bodily injury to another without the use of any dangerous instrument. Presently these incidents are inadequately covered by the offense of assault in the third degree.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2148-78 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 Baker.

SCRep. 311-78 Public Employment and Government Operations on H.B. No. 1449

The purpose of the bill is to require, as the public policy of the State of Hawaii, that selection of the services of design professional firms shall be on the basis of demonstrated competence and on the professional qualifications necessary for the satisfactory performance of the services required.

To achieve such purpose, the bill proposes:

1. Public announcement of projects requiring design professional services;
2. The adoption, by regulation, of selection procedures which shall assure such services are engaged on the basis of demonstrated competence and qualifications at fair and reasonable prices;
3. The publication of an annual report of the projects processed and the firms selected for those projects; and
4. The establishment of negotiation procedures between the agencies and the professional firms.

Your Committee held a public hearing on this bill. Testimony by the Hawaii Society, American Institute of Architects, the Hawaii Chapter, American Society of Landscape Architects, the Hawaii Society of Professional Engineers, the Hawaii Section, American

Society of Civil Engineers, the Consulting Engineers Council of Hawaii, the Hawaii Chapter, American Institute of Planners, the Interprofessional Commission on Environmental Design of Hawaii, and Common Cause/Hawaii was in support of this bill.

The testifiers approved of this bill as they felt, in general, that the bill would:

1. Promote public confidence in the government and professions by requiring disclosure and permitting public scrutiny; and
2. Insure that the public received the quality services they deserved by requiring selection to be based on demonstrated competence and professional qualifications.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 1449 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Mizuguchi who was excused, and Representative Kunimura.

Dissent to Stand. Com. Rep. No. 311-78 (H.B. No. 1449)

The undersigned believes that H.B. No. 1449, establishing a state policy requiring state agencies to use demonstrated competence and professional qualification in the selection of design professional services, is deficient in its present form. This bill prescribes the procedure for and requires the development of criteria governing the selection of design professional services for state agencies, but excludes political subdivisions of the state from identical provisions, does not prohibit consultants from awarding contingency fees for the procurement of government contracts and does not contain penalties for any violations relating to the selection of design professional services.

Testimony presented included copies of Florida's "Consultants Competitive Negotiations Act," Delaware's "Professional Service Procurement Act," and California's "Public Contracts Act" which specify a public policy relating to the selection of professional services similar to that proposed in H.B. No. 1449. It is believed that H.B. No. 1449 should be amended to include provisions in the Florida and Delaware Acts which prohibit contingency fees and establish penalties for violation of any law relating to contracts for design professional services. The lack of penalty provisions in H.B. No. 1449 leaves the State and its political subdivisions without an effective means to deter violations and open to abuse, intended or otherwise, in projects requiring the unbiased selection of consultants services.

There is concern that not requiring counties to adhere to the same procedures and standards as the State in awarding contracts for similar consultants services will not protect the public interests. The Mayor of the City and County of Honolulu has publicly stated that proposals for nonbid work for Honolulu City government are run through a "screening committee which advises me on political matters." H.B. No. 1449 will not remedy this situation in the City and County of Honolulu in its present form and only serves to warn those violating the public trust that they have a year more in which to secure contracts without fear of being punished. It is inconsistent to pass H.B. No. 1449 as a means of preventing abuses in nonbid contract work when it does not prevent the counties from engaging in questionable practices in awarding multi-million dollar consultants contracts.

H.B. No. 1449 deserves a more comprehensive treatment than it has received. It is not enough to make public the procedures involved in the selection of consultants for nonbid public contracts. In addition, violators must be prosecuted for violating the law. Further review of H.B. No. 1449 will show the advisability of amending it to include the county nonbid contracts, prohibit contingency fees and provide penalties for those who violate the selection process of design professional services. Premature action on H.B. No. 1449 cannot be condoned. The hasty passage of the land use commission law which has required amendments year after year, is an example of hasty but deficient legislation. It is the responsibility of the subject matter committee to deliberate fully on each legislation before it and present its best recommendations to the next committee or the House of Representatives. This cannot be said regarding H.B. No. 1449 and we should not allow a farce to be perpetrated on the public. H.B. No. 1449 should be amended to include a more comprehensive policy relating to the selection of design professional services. We should either pass thorough and well considered legislation or we pass none at all.

In conclusion, we reiterate our support for an amended H.B. No. 1449 which shall

include the counties and with appropriate contingency fee and penalty provisions. Therefore, we do not recommend the passage of H.B. No. 1449 on Second Reading and its referral to the Committee on Finance.

Signed by Representative Kunimura.

SCRep. 312-78 Health and Youth and Elderly Affairs on H.B. No. 3009-78

The purpose of this bill is to appropriate the sum of \$112,184 for a grant-in-aid to Our House, a therapeutic residential treatment program for emotionally handicapped children three to seven years of age.

Your Committees find that Our House began in July 1974 and was funded for three years by the Bureau of Education for the Handicapped to develop a model for the delivery of services to these children and their families. Inquiries into other federal financing for this program has all led back to the necessity of securing on-going state funds.

Our House now provides 24-hours-a-day, 7-days-a-week residential treatment services. It also provides counseling for parents, a formal training program for therapeutic foster parents and direct relief care of the child after discharge.

Your Committees recognize that the Our House model for delivery of services is a cost effective approach. The small group residential setting is less expensive than psychiatric hospitalization. By training foster parents to become therapeutic agents in addition to substitute families, the program is continually creating new, low cost treatment resources to be used by future children. Seven such families have been trained so far. Two of them have completed the care of their first disturbed child and have accepted a second.

Upon hearing the testimony of Barbara A. Rutter, Ph.D., Special Programs Services Director of Our House, your Committees find that a grant-in-aid of \$15,330 is adequate.

Accordingly, your Committees have amended Section 1 of this bill by changing the amount of the grant-in-aid from \$12,184 to \$15,330. Additionally, in Section 2, the lapsing date was changed to June 30, 1979.

Your Committees on Health and Youth and Elderly Affairs are in accord with the intent and purpose of H.B. No. 3009-78, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 3009-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Baker.

SCRep. 313-78 Health on H.B. No. 2455-78

The purpose of this bill is to appropriate out of the general revenues of the State of Hawaii \$300,000 or so much as is necessary to provide a grant-in-aid to Kuakini Medical Center for the planning, construction, and equipping of the Progressive Health Care Building which will house a 150-bed care home for the elderly, a day care center for 100 elderly people and a 100-bed intermediate care facility. The sum appropriated is to be expended by the department of health.

The department of health has taken the position that there is a growing need for more care homes, facilities for the elderly, and intermediate and skilled nursing facilities. The present facilities at Kuakini Medical Center of 53 care home beds and day care services for 40 elderly people are generally filled to capacity and have a waiting list. The state has granted a 3-year certificate of need to the Medical Center for their master plan. The Progressive Health Care Building will cost approximately \$9 million which will be financed by fund raising capital, a mortgage loan, and State grants-in-aid. The grant-in-aid gives the hospital the ability to secure capital funds more quickly and provide new or modernized facilities and services to their patients and at ultimately lower rates. Kuakini Medical Center will continue to follow an orderly growth pattern and continue to attempt to meet the health care and other related problems of the elderly.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 2455-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Baker and Ushijima.

SCRep. 314-78

Health on H.B. No. 2881-78

The purpose of this bill is to make an appropriation out of the general revenues of this State, the sum of \$120,000 for the continuation of the Arthritis Center of Hawaii. This Center provides important services of diagnosis, recommendations for treatment, instruction in self-care and referral information to persons suffering from arthritis.

Oral and written testimony by the Director of the Department of Health indicated strong support of the Center which provides a unique service to this State's citizens. Arthritis is the nation's number onecrippler, and it affects one out of every ten people in the United States. In Hawaii in 1976, this disease was the sixth most prevalent chronic condition and was more common than heart conditions and cancer.

While the cause of this disease is unknown and no cure for it has been found, early detection, proper diagnosis and treatment can reduce and control the crippling effect of arthritis. The Center uses multidisciplinary teams of professionals to diagnose, treat and educate victims of this disease. The Center not only promotes educational programs and materials but has mobile teams which provide clinical service to rural Oahu and the Neighbor Islands. Written testimony submitted further indicated that 38% of all practicing physicians in this State have referred their patients to the Center.

Although the Center has received federal grants in the past, this source of funding will no longer be available until late 1978. This lack of funds threatens to drastically cut back the already reduced services now being provided. State funds are necessary to keep this level of services going. Continuation of these services is also important as it is a prerequisite for future federal funding. Your Committee recommends an amendment for the purpose of appropriating the additional funds necessary to carry out the purposes of this bill. Such amendment would be as follows:

"SECTION 2. There is appropriated out of the general revenues of the State of Hawaii the sum of \$120,000 or so much thereof as may be necessary, to be expended by the department of health for the purposes of this Act."

Your Committee on Health is in accord with the intent and purpose of H.B. 2881-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2881-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Baker and Ushijima.

SCRep. 315-78

Health on H.B. No. 2747-78

The purpose of this bill is to amend Section 326-23, Hawaii Revised Statutes. The intent of the bill is to provide \$300.00 per month pension for retired patient employees of Hale Mohalu Hospital and Kalaupapa Settlement.

Your Committee feels that patient employees leaving the facility would encounter greater expenses living outside of Hale Mohalu or Kalaupapa.

Therefore, your Committee feels that instead of giving employees \$300.00 for living in the community, they should be given \$400.00. However, if those pensioners remain at the facilities they would get \$225.00 per month inclusive of any bonus payable under the provisions of Section 88-11, Hawaii Revised Statutes. Those pensioners returning from the community to the facilities shall have a minimum pension of \$225.00. Such amendment would be as follows:

"SECTION 1. Section 326-23, Hawaii Revised Statutes, is amended to read as follows:

Sec. 326-23 Pensions for patient employees at hospitals, etc. All patient employees or patient laborers at every hospital, settlement, and place maintained for the treatment and care of persons affected with leprosy shall be entitled, upon retirement after twenty years or more service with the department of health, at the hospital, settlement, or place, to a pension, payable monthly, in an amount which shall be equal to sixty-six and two-thirds per cent of the wage or salary which the patient was receiving at the time of retirement, or to a pension, payable monthly, in an amount which shall be equal to sixty-six and two-thirds per cent of the average wage or salary which the patient employee was receiving during his last twelve months of employment at the hospital, settlement, or place, whichever is higher [.]; except that minimum pension for patient employees or pensioners, present and future, who elect to leave Hale Mohalu or Kalaupapa

and return to the community shall be [~~\$300.00~~] \$400.00 per month inclusive of any bonus payable under the provisions of Section 88-11, HRS. For those pensioners who elect to remain as residents of Hale Mohalu and Kalaupapa, including those who transfer to Carville for interim medical care, the minimum pension shall be \$225.00 per month inclusive of any bonus payable under the provisions of Section 88-11, HRS., provided that those pensioners who return to Hale Mohalu and Kalaupapa as residents including those who transfer to Carville for interim medical care, the minimum pension shall revert to \$225.00 per month including those who transfer to Carville."

Your Committee on Health is in accord with the intent and purpose of H.B. No. 2747-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2747-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Baker and Ushijima.

SCRep. 316-78 Health on H.B. No. 2378-78

The purpose of this bill is to appropriate the sum of \$81,000 for the operations of the Northern Koolau Community Health Education Program.

Testimony from the department of health was in support of this measure. Testimony received indicated that this Health Education Program was the first of its kind in the United States. It was started by community residents and continues to receive both moral and financial support of the community. The Program services residents of Kahaluu, Koolauloa, and Haleiwa/Waialua regardless of income. It offers extensive educational resources to the area people. Testimony by Kahuku Hospital stated that since the Program has been in effect patients who had been frequently admitted to the hospital on an emergency basis were now seldom hospitalized and that their attitudes and behaviors have changed so that they can now be managed on an outpatient basis. Further testimony stated that on the mainland, health education is a reimbursable service for some thirdparty payors although this is not yet the case in Hawaii. Also, Public Law 94-317, the National Consumer Health Information and Health Promotion Act of 1976 makes provision for support of such programs as this, the monies are not yet available and probably will not be available for fiscal 1979-1978. The Program is in need of this appropriation in order to continue the excellent accomplishments it has made since 1974.

Your Committee on Health is in accord with the intent and purposes of H.B. No. 2378-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Baker and Ushijima.

SCRep. 317-78 Health on H.B. No. 2322-78

The purpose of this bill is to appropriate the sum of \$300,000 to provide a grant-in-aid to the Kauaikeolani Children's Hospital at 1319 Punahou Street, Honolulu, for the planning and construction of patient units and other related facilities.

Your Committee finds that the Children's Hospital was founded in 1908 as a voluntary, non-profit hospital for children of all races and has operated continuously since then as the only hospital in Hawaii devoted exclusively to the care of children. In addition to delivering comprehensive pediatric patient care, the hospital has the only accredited civilian Pediatric Residency Training Program in Hawaii, is the major pediatric teaching facility for the John A. Burns School of Medicine, and houses the university's Department of Pediatrics.

Your Committee further finds that the Children's Hospital's in-patient load is 46 percent Department of Social Services and Housing (DSSH) and the out-patient load is approximately 100 percent DSSH. Since the hospital provides all these services at no cost to the State, there are no funds available to upgrade services or for replacement of facilities.

Your Committee recognizes that the hospital has not requested any CIP funds until this current building program.

Your Committee is in agreement that the new hospital will greatly enhance the specialized services needed by the children of Hawaii.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 2322-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Baker and Ushijima.

SCRep. 318-78 Health on H.B. No. 2295-78

The purpose of this bill is to provide a grant-in-aid of \$76,000 to the Hawaii Medical Library, Oahu, to subsidize a portion of its operating costs.

Your Committee finds that the Hawaii Medical Library, a nonprofit educational institution, has been serving the health information needs of the people of Hawaii since 1914. Since that time, the collection and services have grown to become a valuable community asset serving health professionals, students, various agencies of the State government and the general public. When the John A. Burns School of Medicine developed into a four year program and needed a medical library for accreditation, it was wisely decided to support an existing library, the Hawaii Medical Library, rather than to create and duplicate another facility.

An independent management consultant survey conducted last year revealed that of all the users of the library, 59% are not financial supporters. In fact, the physicians accounted for less than 10% of the users of the library but supported well beyond their proportionate share of usage. The University of Hawaii School of Medicine supports the library relating to the use by students and faculty. The hospitals also support the library.

Your Committee agrees that financial support of the Hawaii Medical Library by the Legislature is the most logical and equitable means of providing medical information for the departments of the State government and general public.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 2295-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Baker and Ushijima.

SCRep. 319-78 Health on H.B. No. 3008-78

The purpose of this bill is to appropriate the sum of \$300,000 to provide a grant-in-aid to Saint Francis Hospital for the planning, construction, and modernization of patient units and other related facilities.

Saint Francis Hospital's continuing service improvement program this year includes renovation of existing patient units and related clinical areas. The cost for these projects estimated to be \$1,200,000 in fiscal year 1979. Funding is anticipated to be primarily through hospital operations, State appropriation and donations from the general community.

Testimony from the Department of Health was in support of the measure. However, the Department of Health stated that it was the more appropriate agency to expend the funds.

Your Committee recommends an amendment for the purpose of allowing the Department of Health instead of the Department of Accounting and General Services to expend the funds. Such an amendment would be as follows:

(a) Section 2. The sum appropriated shall be expended by the department of health for the purposes of this Act.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 3008-78 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3008-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Baker and Ushijima.

SCRep. 320-78 Health on H.B. No. 3004-78

The purpose of this bill is to appropriate the sum of \$155,000 to finance the planning and construction of general improvements at Leahi Hospital.

Your Committee finds that certain facility improvements should be done in order to improve the efficiency of hospital operation and to enhance the hospital's ability to provide patient care. These improvements include the relocation of the laundry and linen operations from an old wooden structure to within the main hospital building, installation of security lighting, demolition of condemned buildings to add to the open space available for use by the patients, and reroofing of the hospital's primary patient care building. The \$125,000 appropriated by this bill will permit the hospital to implement these long-overdue improvements.

Leahi Hospital has been cited for not having a fire resistant ceiling in the kitchen area. The \$30,000 appropriated by this bill will permit the replacement of the existing ceiling with a fire-proof ceiling.

Your Committee has amended Section 1 by changing the words "general revenues" to "general obligation bonds" and Section 2 by changing the words "Department of Accounting and General Services" to "Department of Health".

Your Committee on Health is in accord with the intent and purpose of H.B. No. 3004-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3004-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Baker and Ushijima.

SCRep. 321-78 Health on H.B. No. 2883-78

The purpose of this bill is to appropriate \$88,000, for a grant-in-aid to Kapiolani Children's Hospital for the continuation of the Poison Information Center. This Center provides a 24-hour telephone "hot line" for callers in poison cases.

Testimony in support of the bill was received from the Director of the Department of Health which pointed out that the Poison Information Center is the only centralized source of information on toxic material available to both health professionals and the public on a 24-hour a day, 7 days a week basis. This important information is an invaluable assistance to physicians in their diagnosis and treatment of poison cases.

The services of this Center also extend beyond their telephone "hot line" and include the conducting of educational workshops and conferences and the compilation of statistical reports on toxic materials.

Presently, there is no provision for a lapsing of funds to be appropriated. Your Committee recommends an amendment for the purposes of stating a specific lapsing date. Such amendment would be as follows:

"SECTION 3. The sum appropriated shall be expended by the Department of Health for the purposes of this Act. Any unexpended or unencumbered balance of any appropriation made by this Act as of the close of business on June 30, 1979 shall lapse into the general fund."

Your Committee on Health is in accord with the intent and purpose of H.B. No. 2883-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2883-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Baker and Ushijima.

SCRep. 322-78 Health on H.B. No. 2921-78

The purpose of this bill is to appropriate the sum of \$100,000 to provide a grant-in-aid to Kapiolani Hospital for the construction of the Shared Services Building.

The Kapiolani-Children's Medical Center was inaugurated on September 1, 1976. The Medical Center will incorporate both hospitals at one facility upon Children's Hospital's

relocation to the Kapiolani site in mid-1978. A four-story Shared Services Building, presently under construction, will provide the necessary facilities for the two hospital complex. The present construction includes extensive renovation of the Lani Ward Booth Wing and the remaining portions of the two-story former maternity wing. Kapiolani Hospital has nearly exhausted its financial reserves and is being faced with a \$5,000,000 long term mortgage and the accompanying debt service financial obligations. Testimony from the Department of Health was in support of the measure.

Your Committee recommends an amendment for the purpose of establishing the date of June 30, 1979 for the unexpended and unencumbered balances of the appropriations to lapse into the general fund of the State. Such an amendment would be as follows:

(a) Section 2. The sum appropriated shall be expended by the department of health for the purposes of this Act. Any unexpended and unencumbered balances of the appropriations made by this Act as of the close of business on June 30, 1979, shall lapse into the general fund of the State.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 2921-78 as amended and recommends that it pass Second Reading in the form attached hereto as H.B. 2921-78, H.D. 1 and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Baker and Ushijima.

SCRep. 323-78 Health on H.B. No. 2356-78

The purpose of this bill is to appropriate the sum of \$50,000 to provide a grant-in-aid to the Pearlridge Hospital for repair and renovation in order to continue to offer the people of Hawaii the best surgical care possible. Testimony presented by the Department of Health supported the measure. However the Department of Health testified that they would be the more appropriate expending agency.

Your Committee recommends the amendment of this bill for the purpose of allowing the funds to be expended by the Department of Health instead of the Department of Accounting and General Services as it is the more appropriate agency. Such an amendment would be as follows:

(a) Section 2. The sum appropriated shall be expended by the department of health for the purpose of this Act.

Your Committee further recommends the bill to be amended to provide for the return of all unexpended and unencumbered funds to the general fund of the State. Such an amendment would be as follows:

(a) Section 3. All unexpended and unencumbered balances of the appropriations made by this Act as of the close of business on June 30, 1979, shall lapse into the general fund of the State.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 2356-78 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2356-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Baker and Ushijima.

SCRep. 324-78 Ecology and Environmental Protection, Water, Land Use, Development and Hawaiian Homes and Ocean and Marine Resources on H.B. No. 2710-78

The purpose of this bill is to institute a study on the effects of pollution of the flora and fauna of the coastal area between Black Point and Kapahulu groin.

Your Committees find that in recent years the flora and fauna in the coastal area between Black Point and Kapahulu groin have declined significantly.

Your Committees further find that in recent years the pollution, primarily from runoff and storm drain discharge has increased dramatically. Indications are that the type

of materials used in the manufacture of automobile tires has changed, leaving a different, and possibly more toxic, substance on the roads which in turn washes off into the sea. This, combined with a general increase in development and the practice of using toxic chemicals in the maintenance of swimming pools, has resulted in greater pollution in the Black Point area.

Your Committees further find that a study of the effects of such pollution in the Black Point area would be valuable not only for the management of that particular area, but would provide useful data for shoreline management in general.

Your Committees have amended the original bill to emphasize the importance of general runoff and drainage discharge, have added the sum of \$15,000 to be expended by the marine affairs coordinator, and have deleted reference to a deadline for the study.

Your Committees felt that the most reliable avenue for funding would be the marine affairs coordinator, which has more flexibility and a greater interest in coastal resources than the other departments involved. It is hoped that the marine affairs coordinator office will work closely with the Department of Health and the Department of Land and Natural Resources to accomplish the purpose of this bill.

Your Committees on Ecology and Environmental Protection; Water, Land Use, Development and Hawaiian Homes; and Ocean and Marine Resources are in accord with the intent and purpose of H.B. No. 2710-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2710-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Caldito, Fong, Garcia, Inaba, Morioka and Naito.

SCRep. 325-78 Education on H.B. No. 2282-78

The purpose of this Bill is to appropriate \$40,000 to the Department of Agriculture to support the program activities of Hawaii's "Future Farmers of America" programs and activities which are not part of the normal curriculum activities of the State Department of Education.

Your Committee finds that agriculture has been and continues to be a major factor in Hawaii's economy and life style and that the most important resources of Hawaiian agriculture are the farmers themselves. Further, we find that the average age of Hawaii's farmer is 57 years with few in the lower age range and that a means of interesting and educating youth in aspects of farming is necessary to assure continuation of our farming enterprises.

Your Committee finds that the Future Farmers of America is a national organization for students of vocational agriculture which operates programs under provisions of the National Vocational Education Act. The primary goal of the "FFA" program is the development of agricultural leadership, cooperation and citizenship through strengthened confidence in themselves and increased knowledge and skills through information and training.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 2282-78, H.D. 1, and recommends that it be referred to the Committee on Finance for further consideration.

Signed by all members of the Committee except Representatives Carroll, Poepoe and Ushijima.

SCRep. 326-78 Education on H.B.No. 2847-78

The purpose of this Bill is to mandate the Department of Education to offer an Hawaiian language course as a regular part of the elementary school curriculum.

Your Committee finds that the Department of Education is presently providing a Hawaiian Language course in some secondary schools and a Hawaiiana Program in all elementary schools. Your Committee feels that there should be a stronger emphasis on Hawaiian language in the secondary school level and that the Department should classify the teaching of Hawaiian language under the title of Native Language rather than Foreign

Language. Your Committee further feels that the Department should incorporate the teaching of Hawaiian language within the existing elementary school Hawaiiana programs and that this segment of the programs should also classify Hawaiian as a native language.

Therefore, your Committee has amended this Bill to incorporate the changes aforementioned in this report.

Your Committee feels that these changes within the existing programs will strengthen our students understanding of the Hawaiian heritage and will help to reestablish one of the basics of our Hawaiian Culture.

SECTION 1 of this Bill shall read as follows:

SECTION 1. Chapter 298, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"Sec. 298- Hawaiian language courses; school offering. The Department of Education shall emphasize the quality of Hawaiian language within the secondary schools and shall incorporate the teaching of Hawaiian language within existing Hawaiiana programs in the elementary schools; and shall classify Hawaiian language in all programs as a Native Language."

Your Committee on Education is in accord with the intent and purpose of H.B. No. 2847-78 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. 2847-78, H.D. 1.

Signed by all members of the Committee except Representatives Carroll, Poepoe and Ushijima.

SCRep. 327-78 Education on H.B. No. 2777-78

The purpose of this Bill is to provide \$40,000 to continue an alternative education program at Hilo High School.

Your Committee finds that there is a need to provide non-traditional, educational services to students at Hilo High School who cannot adapt or function in a normal classroom environment. The need for an alternative education program at Hilo High is evidenced by the school's rising dropout rates in recent years.

Your Committee further finds that an alternative education program has been established at Hilo High this year and that the program has been successful in providing a more suitable type of instruction to alienated students. The alternative program is aimed at curbing Hilo High's rising dropout rates by providing one to one teaching and counseling services to these alienated students.

Your Committee has heard testimony in support of the alternative education program at Hilo High. Your Committee feels that this program should be continued for school year 1978-79.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 2777-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Carroll, Poepoe and Ushijima.

SCRep. 328-78 Agriculture on H.B. No. 2416-78

The purpose of this bill is to strengthen the damages for breach of contracts by members of agricultural cooperative associations by allowing for removal from membership and forfeiture of all rights and privileges of membership of the party in breach.

Your Committee has found that in order for a cooperative association to work efficiently and effectively, its basic long-term goals must not be subverted for individual short-term gains.

Your Committee has found that farmers in Hawaii have historically been "price takers"

and many indulge in price cutting tactics, which have adversely affected other members of the cooperative associations.

Your Committee believes that the amendment will be a major step towards strengthening diversified agriculture and cooperatives in the State.

Your Committee has amended the bill by amending paragraph 2 under subsection (b) to provide with respect to, (1) possible removal of members, and (2) possible removal of members seeking readmission, that removal or reinstatement as the case may be, may occur by majority vote of the board of directors rather than by "majority vote of the voting members of the association."

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 2416-78, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2416-78, H.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 329-78 Finance on H.B. No. 2862-78

The purpose of this bill is to assure that gratuities and reasonable charges for certain services which are included in the sales price but are identifiable as a gratuity or tip are not subject to the four per cent general excise tax when the total amount of the service charge is disbursed by the employer to employees who are providing the service.

When there is direct tipping for hotel services, there is no general excise tax liability as the moneys are part of the income of the employee and in no way accrue as income to the restaurant or hotel operation. The provisions of this bill would treat price inclusive service charges in the same exempt manner where the hotel or restaurant merely acts as a conduit between the customer and the employee. Minimum wage laws at both the national and state level recognize that tips are employee income.

Your Committee agrees that in addition to service charges for meals and food products, services which are included in many group packages in the tourist industry, such as portage and tour conductor services, should be exempt. Your Committee has amended this bill to add gratuities and tips for these services. Underscored language on page 3 is accordingly rewritten.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2862-78 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2862-78, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 330-78 Finance on H.B. No. 2090-78

The purpose of this bill is to allow the Progressive Neighborhoods Program (PNP) to operate post-demonstration projects which are multi-departmental in nature.

In recent years, PNP programs have been subjected to question; not so much as to their effectiveness or efficiency as models of service delivery, but more so, in terms of their programmatic status as demonstrative/research projects. Inquiries have been made as to why such programs which have proven their worth to the people of Hawaii are not considered operational in nature as opposed to the current designation of demonstrative/research.

The difficulty with obtaining a post-demonstrational status lies not in the programs' capabilities to be functionally operational; rather, the unique nature of such multi-departmental programs which makes them successful, also makes it difficult for them to be transferred to one of the involved line agencies. Under the current system of state government, no one department has the capability to coordinate the employees and functions of several departments.

Programs which will be affected by this bill include the Community Service Centers, Quick Kokua, the Statewide Volunteer Services Center, Welfare Recipients Advisory

Council, Waianae Ho'ohana Project, and Nanakuli Homestead Community Advocate Program. PNP should be allowed to operate these multi-departmental programs on a post-demonstrational basis only until such time as reorganization of the entire state government or reorganization of an appropriate line department will allow for the transfer of PNP initiated programs to a line agency.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 2090-78 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 331-78 Consumer Protection and Commerce on H.B. No. 2814-78

The purpose of this bill is to change the composition of the advisory committee on degree granting institutions established by section 446D-7, Hawaii Revised Statutes.

Under present law, the Committee is composed of the presidents or chief administrative officers of all licensed degree granting institutions in the State. As a result, whenever an institution is licensed, its chief executive officer automatically becomes a member of the Committee.

Your Committee has found that the present law fails to insure public membership contrary to the Department of Regulatory Agencies' policy of insuring public representation on all licensing boards. Additionally, with the increased number of newly licensed institutions, the board has increased to an unworkable size. Testimony shows that sixteen members have been added within the last six years and the board now numbers seventeen.

Your Committee strongly favors the bill because it would limit the board to nine members appointed by the Governor with two of the members appointed from the public at large. The president of the University of Hawaii would serve as the ex-officio chairman.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2814-78 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 Baker.

SCRep. 332-78 Consumer Protection and Commerce on H.B. No. 2765-78

The purpose of this bill is to permit a landlord to post notice on the dwelling unit of the tenant if the tenant cannot be personally served.

Under the present law, the landlord cannot initiate a summary proceeding or other action for possession unless the tenant is served with notice of default and possible rental termination. Your Committee finds that the law places the landlord in an inequitable situation by allowing the non-paying tenant to evade notice.

Your Committee urges the passage of this bill as it provides the landlord with a fair and necessary remedy in dealing with the non-paying tenant.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2765-78 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 Baker.

SCRep. 333-78 Consumer Protection and Commerce on H.B. No. 2252-78

The purpose of this bill is to limit the conditions under which attorneys' fees and court costs may be allowed a person making a claim for no-fault benefits and to expand the conditions under which such sums may be allowed a no-fault insurer against such person.

Under present law, a person making a claim for no-fault benefits may be allowed

attorney's fees and costs when an insurer denies such claim, unless a court determines the claim to be fraudulent, excessive or frivolous. This bill would allow such sums only to those persons who are court-awarded 75 per cent of their claim. Your Committee received testimony, with which it agrees, that such a change in the present law would, in effect, force judicial resolution of such disputes, thereby increasing the burden on the courts, and discourage attorneys from providing services to persons who may benefit from attorney representation regardless of whether or not such persons ultimately prevail. For these reasons, your Committee recommends that this provision of the bill be deleted.

With respect to expanding the conditions under which an insurer may be allowed attorney's fees and costs, under present law such sums may be allowed an insurer against a person who makes a fraudulent claim. This bill would include excessive and frivolous claims along with fraudulent ones. Your Committee feels that insurers should not be forced to pay for defending frivolous as well as fraudulent claims. However, your Committee is of the opinion that to include claims which are excessive, such claims being more elusive of operational definition, would create the potential for abuse by insurers to the detriment of insureds. Accordingly, your Committee recommends an amendment for the purpose of deleting excessive claims as one of the grounds upon which an insurer may be allowed fees and costs against a claimant.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2252-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2252-78, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Baker.

SCRep. 334-78 Consumer Protection and Commerce on H.B. No. 2059-78

The purpose of this bill is to grant the Real Estate Commission the authority to register and issue public reports for condominium projects located outside of the State.

Your Committee heard testimony to the effect that since the enactment of the Horizontal Property Act in 1961, the commission has refused to accept any registration of condominium projects located outside of the State. This was based on the commission's opinion that there was no legislative allowance to register out-of-state projects. The present Act contains certain requirements which are impossible for out-of-state developers to comply with.

This bill authorizes the commission to review and study out-of-state projects and related documents and to issue public reports. It further imposes the same compliance standards on the out-of-state developers as it does for developers of projects located in-state.

Your Committee strongly feels that in the interest of protecting local consumers of out-of-state projects, inspection of the projects should be conducted by the commission or its authorized representative. In the alternative, some other means should be utilized to insure accurate and complete disclosure of pertinent information to prospective purchasers. Your Committee joins the Real Estate Commission in favoring this bill and in urging its passage.

Your Committee noted and corrected the incorrect reference in the bill to chapter 514 which has been renumbered 514A.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2059-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2059-78, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Baker.

SCRep. 335-78 Consumer Protection and Commerce on H.B. No. 1960-78

The purpose of this bill is to disqualify the owner or registrant of an insured motor vehicle from receiving benefits through the assigned claims program of the joint underwriting plan of the Hawaii no-fault law and to allow the plan or any insurer to whom such a

claim is assigned, a right of subrogation to the rights of the claimant.

Under present law, an owner or registrant of an uninsured motor vehicle is disqualified from receiving benefits through the joint underwriting plan. However, the owner or registrant of an insured motor vehicle who specifically declines in writing the optional uninsured motorist coverage may technically be eligible to receive such benefits. Similarly, an owner or registrant of an insured motor vehicle who fails to purchase first party collision coverage may also qualify for property damage recovery through the assigned claims program.

Your Committee finds that such an incongruous result was not the intent behind the establishment of the assigned claims program. The program was designed to provide an avenue of last resort for innocent, injured parties who have no appropriate no-fault policies available; it was not designed to cover insured individuals who declined to purchase appropriate first party protection available to them.

Your Committee is in agreement that the owner or registrant of an insured motor vehicle be disqualified from receiving benefits through the assigned claims program of the joint underwriting plan. However, it is the express intent of your Committee that nothing contained in this bill have any effect upon any legal or administrative action instituted prior to the effective date of this bill.

With respect to the subrogation rights of the joint underwriting plan or any insurer to whom a claim for benefits from the assigned claims program has been assigned, your Committee finds that by providing for the right of subrogation, some of the cost burden currently being absorbed by the plan, inasmuch as there are no premiums being collected therefor, would be alleviated, some sanction would be created against the uninsured motorist, and compulsory insurance enforcement activities would be aided by making it as uneconomical as possible for any uninsured motorist. Your Committee, therefore, is in agreement that the joint underwriting plan on such insurers be subrogated to the rights of the claimant.

Your Committee notes that the words "or any passenger" were inadvertently left out in citing the language of the current statute, section 294-23(b)(2)(B), in the bill, and the appropriate correction has been made.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1960-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1960-78, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Baker.

SCRep. 336-78

Consumer Protection and Commerce on H.B. No. 1937-78

The purpose of this bill is to establish statutory guidelines aimed at simplifying the application procedure for reconsideration or rehearing of a Public Utilities Commission's (PUC) decision and order in a motor carrier matter and insuring that such an application for reconsideration or rehearing is affirmatively determined by the PUC.

The present reconsideration procedure has certain cumbersome features contained therein and allows the PUC's non-determination of a pending matter to be taken as a final decision thereof. Your Committee is in agreement with the testimony received that, with a full-time commission, a simple procedure that can dispose of a motion for reconsideration or rehearing expeditiously and completely is not only desirable but feasible and essential.

Your Committee finds that this bill effectively simplifies the application for reconsideration or rehearing process by deleting superfluous provisions currently in the statute. However, your Committee feels that its provision for an automatic stay of the PUC's decision upon the filing of an application for reconsideration is unfair and creates the potential for abuse. Accordingly, your Committee recommends an amendment for the purpose of allowing the PUC to waive the stay for good cause shown. In addition, your Committee recommends an amendment to require the PUC to make a determination on the application for reconsideration within 20 days of the filing thereof to insure a timely determination.

Your Committee on Consumer Protection and Commerce is in accord with the intent

d purpose of H.B. No. 1937-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1937-78, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Baker.

Rep. 337-78 Consumer Protection and Commerce on H.B. No. 1938-78

The purpose of this bill is to require a party in cases involving a public utility, to file a petition for reconsideration stating all of the points of error committed by the Public Utilities Commission (PUC) in its initial decision prior to taking an appeal to the Supreme Court and to provide an automatic stay of the PUC's order until such petition is disposed.

Presently, there are no provisions in the public utility laws allowing parties affected by a decision and order to file a petition for reconsideration or rehearing with the PUC. If the Committee finds that by providing for a reconsideration or rehearing and requiring an appeal prior to a judicial appeal, the PUC is given an opportunity to correct any deficiencies or errors it may have made in its initial decision, the parties and the PUC are allowed to concentrate on major areas of disagreement in what usually are voluminous records, the petitioning party is forced to exhaust all administrative remedies, and the Supreme Court is assured that the record below is as complete as possible with issues as sharply defined as possible.

Our Committee is in agreement with testimony received, however, that the bill's automatic stay provision is unfair and creates a potential for abuse. Accordingly, the Committee recommends an amendment for the purpose of allowing the PUC to waive the stay for good cause shown. In addition, your Committee recommends an amendment to require the PUC to make a determination on the petition for reconsideration within 20 days of the filing thereof to insure a timely determination.

Our Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1938-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1938-78, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Baker.

Rep. 338-78 Consumer Protection and Commerce on H.B. No. 1939-78

The purpose of this bill is to require a party in cases involving a water carrier, to file a petition for reconsideration stating all of the points of error committed by the Public Utilities Commission (PUC) in its initial decision prior to taking an appeal to the Supreme Court and to provide an automatic stay of the PUC's order until such petition is disposed.

Presently, there are no provisions in the water carrier laws allowing parties affected by a decision and order to file a petition for reconsideration or rehearing with the PUC. If the Committee finds that by providing for a reconsideration or rehearing and requiring an appeal prior to a judicial appeal, the PUC is given an opportunity to correct any deficiencies or errors it may have made in its initial decision, the parties and the PUC are allowed to concentrate on major areas of disagreement in what usually are voluminous records, the petitioning party is forced to exhaust all administrative remedies, and the Supreme Court is assured that the record below is as complete as possible with issues as sharply defined as possible.

Our Committee is in agreement with testimony received, however, that the bill's automatic stay provision is unfair and creates a potential for abuse. Accordingly, the Committee recommends an amendment for the purpose of allowing the PUC to waive the stay for good cause shown. In addition, your Committee recommends an amendment to require the PUC to make a determination on the petition for reconsideration within 20 days of the filing thereof to insure a timely determination.

Our Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1939-78 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1939-78, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Baker.

SCRep. 339-78 Consumer Protection and Commerce on H.B. No. 3046-78

The purpose of this bill is to authorize the board of certification for practicing psychologists to set the fee for the psychologist examination.

Presently, the fee for the psychologist examination is statutorily set at \$35. This fee is designed to cover the cost of test booklets and part of the cost of staff time in ordering, mailing and securing such booklets.

Your Committee finds that the present law lacks the flexibility necessary to accommodate price increase for such test booklets which, for example, recently rose from \$30 to \$60 per booklet.

Accordingly, your Committee recommends passage of this bill as it would authorize the board to set the examination fee, pursuant to chapter 91 of the Hawaii Revised Statutes and obviate the need for the board to come before the legislature each time the cost of the test booklet increased.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3046-78 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 Baker.

SCRep. 340-78 Consumer Protection and Commerce on H.B. No. 2111-78

The purpose of this bill is to require that in any commercial lease of private lands or buildings which contains a provision for the renegotiation of the rental amount, which rental amount is based upon the fair market value of the land, such value be determined by deducting the percentage of the general enhancement of the lands or buildings caused by the onsite improvements on such lands or to the buildings paid for by the lessee.

Your Committee finds that this requirement is fair and equitable, and capable of being computed with respect to lands. However, with respect to buildings, your Committee feels that it would be very difficult to ascertain the effect of improvements to the building on the value of the lands. Accordingly, your Committee recommends an amendment for the purpose of deleting commercial leases of buildings from the provision of this bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2111-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2111-78, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Baker.

SCRep. 341-78 Consumer Protection and Commerce on H.B. No. 2056-78

The purpose of this bill is to amend subsection (1) of section 514A-3, Hawaii Revised Statutes, by clearly spelling out that the terms "unit" and "apartment" as used in chapter 514A are synonymous and interchangeable.

Your Committee finds that the use of both terms may cause some confusion regarding the applicability of the chapter to both. By expressly recognizing the interchangeability of the terms, this bill removes any doubts as to their meaning.

Your Committee notes, however, that chapter 514 has been renumbered 514A, and your Committee has made the appropriate change in the bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2056-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2056-78, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Baker.

SCRep. 342-78 Consumer Protection and Commerce on H.B. No. 2403-78

The purpose of this bill is to simplify the language contained in section 514A-66, Hawaii Revised Statutes, relating to the right of a purchaser of a condominium apartment to a refund of monies paid if the final public report is not issued within one year from the date of the preliminary report.

Your Committee finds that the existing section is ambiguous and difficult to comprehend. The bill will greatly clarify the intent and meaning of the section.

Your Committee notes that the reference in the bill to section 514 is erroneous because the entire chapter was previously renumbered to 514A. Your Committee has made the appropriate corrections.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2403-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2403-78, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Baker.

SCRep. 343-78 Finance on H.B. No. 1775-78

The purpose of this bill is to allow an investment credit which shall be deductible from a taxpayer's net income tax liability.

This investment tax credit proposal is similar to the federal investment tax credit concept. It is an incentive device intended to stimulate the purchase or modernization of productive assets. It is not based on a revenue producing concept but is designed to be an economic stimulator. The purpose of such a credit is to encourage the renovation and expansion of the capital facilities of Hawaii's industries. One of the most serious hurdles faced by businesses in the State and across the nation is that of capital formation; that is, the accumulation of dollars for the investment or reinvestment in the facilities and tools necessary to produce the State's and the nation's wealth. On the federal level the investment credit was instituted for the purpose of encouraging businesses to modernize their facilities as well as to expand them by lessening the cost of certain specified property. Generally, the federal credit has been successful.

An investment tax credit of not more than 4% to offset the general excise and use taxes imposed on the purchase of capital goods (section 38 property defined) would lessen the cost of these purchases, complement the federal investment tax credit, encourage businesses to make the necessary investments to modernize and expand their operating plants, and ultimately stimulate the economy thereby creating new job opportunities.

While it is difficult to be precise in estimating the revenue loss, it is believed that the loss would be in the neighborhood of \$4 to \$5 million for 1978. This would be the absolute loss if the credit had no stimulating effect, in which case there would be no object in enacting a credit of this nature. However, with increased investment, it can be expected that there would be an increase in business activity and added employment resulting in greater personal and corporate income tax collections and greater general excise tax collections from the increased disposable income available.

This bill amends HRS chapter 235 to allow an investment tax credit which shall be deductible from the taxpayer's net income tax liability. The investment tax credit is allowed on certain property, which was constructed, reconstructed, erected, or acquired after December 31, 1977. If the amount of the credit exceeds the limitation amount, the excess shall be: an investment credit carryback to each of the three taxable years preceding the unused credit year; and an investment credit carryover to each of the seven taxable years following the unused credit year.

This bill also amends HRS 231-23(e)(4), to provide that for the purposes of a net income tax return, if any overpayment results from a carryback of an investment tax credit, the overpayment shall be deemed not to have been made prior to the close of the taxable year in which the investment tax credit arose. HRS 231-39(b)(4)(C), is amended to provide that if the amount of any tax is reduced by reason of an investment tax credit carryback, the reduction in tax will not affect the computation of interest imposed by the Department of Taxation.

Your Committee has revised this bill as follows:

- (1) The rate of credit is set at 4 per cent instead of 10 per cent. This will provide relief to the taxpayer from the imposition of the 4 per cent use and excise taxes and at the same time lower the potential revenue loss to the State.
- (2) The definition of investment credit property is limited to only that property which is subject to the imposition of the excise or use tax at the time of purchase by the taxpayer. This would eliminate the possibility of taxpayers receiving a credit when used property is purchased in a "casual sale" where there is no imposition of the excise tax.
- (3) The time period for allowance of the credit to property purchased before January 1, 1983. A five year period should allow enough time for the full impact of the tax to take place.
- (4) The amount of the credit limit is set at \$25,000. This limitation is the same as the federal investment credit, \$25,000 plus 50% of the tax over \$25,000, which is more realistic and easier to administrate.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1775-78 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1775-78, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 344-78 Agriculture on H.B. No. 2119-78

The purpose of this bill is to provide an appropriation to support a broad agricultural products promotion program that is being developed by the Department of Agriculture.

Your Committee has found that a program concept to establish a "Hawaiian Grown" logo which would enable the consumer to readily identify the agricultural products that are locally grown by Hawaii's farmers, may provide the necessary impetus to strengthen the agricultural industry.

Your Committee has amended this bill by providing an appropriation of \$75,000 or so much thereof as may be necessary, for the purpose of promoting the agricultural products promotion and by providing that any unexpended or unencumbered balance as of June 30, 1979 shall lapse into the general fund.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 2119-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2119-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Blair, Carroll, Garcia, Fong, Inaba, Morioka and K. Yamada.

SCRep. 345-78 Agriculture on H.B. No. 2472-78

The purpose of this bill is to appropriate \$31,575 to complete a research project being conducted by the College of Tropical Agriculture, University of Hawaii.

During the first three-year period of this project treatment with the chemical, ethephon, produced 100% ripening of the cherries permitting pickers to strip four times the volume of cherries compared with untreated plants. Because the quality of the chemically ripened cherries was found to be inferior, therefore, chemical ripening is not an ultimate solution. Since chemically induced ripening did not produce satisfactory results, research is trying to achieve uniform opening of blossom buds. Blossom Bud Development is being studied in terms of chemical factors, mechanical factors, and water relations.

Department of Agriculture statistics show that the 1976-1977 coffee crop was valued at \$3,922,000. The coffee industry in Kona provides employment, stimulates tourism through showing coffee production from plant to package, and keeps at least two thousand, four hundred acres in profitable agriculture use.

Your Committee has amended Section 2, to read as follows:

SECTION 2. The sum appropriated shall be expended by the University of Hawaii, College of Tropical Agriculture for the purposes of this Act.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 2472-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2472-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Blair, Carroll, Fong, Garcia, Inaba, Morioka and K. Yamada.

SCRep. 346-78 Consumer Protection and Commerce on H.B. No. 2385-78

The purpose of this bill is to extend the life of chapter 455, Hawaii Revised Statutes, relating to naturopathy.

Act 70, Session Laws of Hawaii 1977, repeals chapter 455, Hawaii Revised Statutes, effective December 31, 1978, in effect deregulating the practice of naturopathy as of that date. This bill would extend the effective repeal date to December 31, 1984. Your Committee, having heard testimony from the Board of Examiners in Naturopathy, naturopathic doctors and members of the public that continued regulation of the practice of naturopathy is essential for the protection of the public, feels that a repeal of chapter 455 at this time would be premature.

Your Committee recommends, however, the following amendments for the purpose of making regulation of the profession more meaningful and effective.

First, your Committee recommends that the State Board of Examiners in Naturopathy be required to adopt, pursuant to chapters 91 and 92 of the Hawaii Revised Statutes, rules setting forth standards of ethics of the profession and such other rules reasonably necessary to implement the provisions of chapter 455, and to submit such rules, or a report of the efforts made to adopt such rules, to the Legislature twenty days prior to the 1979 Session. Your Committee, having received testimony that there presently are no rules to govern the conduct of naturopaths, is of the opinion that effective regulation of the profession is not possible in the absence thereof.

Second, your Committee recommends that the grounds on which the Board may revoke or suspend a license issued to a person to practice naturopathy be amended to parallel the grounds on which a physician's or surgeon's license may be revoked or suspended. Your Committee finds that the latter is more complete, comprehensive and specific, and for the purposes of consistency is more desirable.

Third, your Committee recommends that the State Board of Examiners in Naturopathy be required to conduct examinations for the purpose of licensing at least twice a year and that a passing score be defined as a general average of 75 per cent on such examination. Presently, there is no requirement for a minimum number of such examinations and your Committee feels that without such a number a fair opportunity would not be given applicants to obtain a license. For the same reason, your Committee feels that the present requirement that an applicant not receive scores below 60 per cent in more than two branches of the examination, in addition to attaining a general average of 75 per cent, is too restrictive and denies an applicant a fair chance of obtaining a license.

Fourth, your Committee recommends that the reregistration fee for holders of licenses to practice naturopathy be increased to \$200. Your Committee feels that the present fee of \$15 is not sufficient to cover the administrative costs of registration and in addition thereto, heard testimony from naturopathic doctors themselves that they consider the \$200 biennial reregistration fee reasonable.

Finally, your Committee recommends that the penalty provision of chapter 455 be amended for the purpose of making such penalty strictly civil in nature, increasing the fine provided for therein and directing the Attorney General or the Director of the Office of Consumer Protection to bring the action.

For purposes of consistency, your Committee also recommends that this bill be further amended to change Sections 2 and 3, to 7 and 8, respectively.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2385-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2385-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Baker, Fong and Garcia.

SCRep. 347-78 Consumer Protection and Commerce on H.B. No. 2388-78

The purpose of this bill is to extend the life of chapter 463E, Hawaii Revised Statutes, relating to podiatrists and to authorize the Board of Medical Examiners to delegate a part of its duties under that chapter to a committee of three podiatrists appointed by said Board.

Act 70, Session Laws of Hawaii 1977, repeals chapter 463E, Hawaii Revised Statutes, effective December 31, 1978, in effect deregulating the practice of podiatry as of that date. This bill would extend the effective repeal date to December 31, 1984. Your Committee, having heard testimony from the Board of Medical Examiners that continued regulation of the practice of podiatry is essential to protect the public, feels that a repeal of chapter 463E at this time would be premature.

With respect to the delegation of some of the duties of the Board of Medical Examiners under chapter 463E to a committee of podiatrists, your Committee finds that, in practice, the Board has been making such a delegation although not specifically authorized by statute. Your Committee feels that such a delegation should be made if for no other reason than that the duties of the Board of Medical Examiners under chapter 463E involve a substantive knowledge of podiatry, and logically none but the podiatrists themselves would be better qualified to perform such duties. This bill would clarify the authority of the Board of Medical Examiners to so delegate.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2388-78, and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Baker, Garcia and Fong.

SCRep. 348-78 Culture and the Arts on H.B. No. 2631-78

The purpose of this bill is to provide monies for the planning and production of a State conference on native Hawaiian programs.

Native Hawaiians are now confronted by many issues such as reparations, Kahoolawe, lands held in public trust, and education. These critical issues require that the Hawaiian people be provided with a forum through which these issues can be discussed, consensus can be attained, and constructive solutions developed. This bill would provide the avenue through which a forum could be developed.

Section 1 of the bill has been amended to provide \$30,000 for the planning and production of a State Conference.

Section 2 has been amended to correctly identify, by program code, the expending agency.

Your Committee on Culture and the Arts is in accord with the intent and purpose of H.B. No. 2631-78, as herein amended, and recommends that it pass Second Reading in the form attached hereto as H.B. 2631-78, H.D. 1 and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Ushijima.

SCRep. 349-78 Culture and the Arts on H.B. No. 2742-78

The purpose of this bill is to provide \$50,000 for the restoration of the Father Damien Memorial Chapel, premises and graveyard located at Kalaupapa, Molokai.

The National Park Service submitted an architectural report on the Damien Memorial Chapel to the Department of Land and Natural Resources which indicated that the chapel needs to be stabilized as soon as possible. According to the State Department of Health (under whose jurisdiction the Damien Memorial Chapel falls), termites, dry rot and the aging process have contributed dangerously to the deterioration of the chapel and its furnishings.

Upon consideration of the testimony presented by the Departments of Health and Land

and Natural Resources, your Committee has amended Section 1 of the bill in the following manner:

"Section 1. There is hereby appropriated from the general revenues of the State of Hawaii, the sum of \$50,000, or so much thereof as may be necessary for an architectural survey and for the planning and stabilization of the Father Damien Memorial Chapel at Kalawao, Molokai, and the premises and graveyard thereof."

According to the State's Historic Preservation Officer, the immediate need is for an architectural survey. Conducted by both an architect and a structural engineer, such a survey is important to determine the soundness of the physical structure before the actual planning and stabilization process can begin. The Father Damien Memorial Chapel is part of the Kalaupapa Leprosy Settlement which was designated a National Historic Landmark in January of 1976 and care must be taken to ensure the historicity of the chapel according to the provisions of the National Historic Preservation Act of 1966.

Section 2 of the bill has been amended to identify the appropriate agency statutorily responsible for the State's Historic Preservation Program. Such an amendment would read as follows:

"Section 2. The sum hereby appropriated shall be expended by the department of land and natural resources for the purposes of this Act."

Your Committee on Culture and the Arts is in accord with the intent and purpose of H.B. No. 2742-78, as herein amended, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2742-78, H.D. 1 and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Ushijima.

SCRep. 350-78 Culture and the Arts on H.B. No. 2746-78

The purpose of this bill is to amend Section 326-33 of the Hawaii Revised Statutes to ensure the proper maintenance of the Damien Memorial Chapel.

Section 326-33 of the Hawaii Revised Statutes designates the Father Damien Memorial Chapel and its premises and graveyard located in Kalawao County as a public memorial to Father Damien. Enacted in 1935, responsibility for maintaining the public memorial was not spelled out in the statutes.

Your Committee heard testimony from the Departments of Health and Land and Natural Resources who supported the bill. According to William Thompson of DLNR, proper maintenance of the Damien Memorial Chapel may require major stabilization work. Your Committee notes that H.B. No. 2742-78 as amended, requests an appropriation of \$50,000 for this purpose.

Section 1, line 1 of the bill has been amended to correctly identify that section of the Hawaii Revised Statutes pertaining to the Damien Memorial Chapel.

Your Committee on Culture and the Arts is in accord with the intent and purpose of H.B. No. 2746-78, as herein amended, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2746-78, H.D. 1 and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Ushijima.

SCRep. 351-78 Energy and Transportation on H.B. No. 2956-78

The purpose of this bill is to appropriate funds for a capital improvement project. These funds shall be expended by the Department of Transportation.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 2956-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Peters.

SCRep. 352-78 Energy and Transportation on H.B. No. 2958-78

The purpose of this bill is to appropriate funds for the planning and construction of safety improvements to bus loading and unloading zone, at Ilima Intermediate School, Ewa Beach.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 2958-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Peters.

SCRep. 353-78 Energy and Transportation on H.B. No. 3000-78

The purpose of this bill is appropriate funds for the planning and construction of installing a traffic light system and improving the intersection at Kapahulu Avenue-Palani Avenue-Winam Avenue.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 3000-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Peters.

SCRep. 354-78 Energy and Transportation on H.B. No. 2945-78

The purpose of this bill is to appropriate funds to be expended by the Department of Accounting and General Services for the planning and construction of improvements in the 22nd Representative District, including the installation of street lights from Kahuku Bridge to Laie Bridge.

The Department of Transportation testified that the installation of street lights should be placed under the jurisdiction of the Department of Transportation and that the estimated cost is \$25,000. This bill has been appropriately amended.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 2945-78 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2945-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Peters.

SCRep. 355-78 Energy and Transportation on H.B. No. 3028-78

The purpose of this bill is to appropriate funds necessary for capital improvement projects in the Twenty-Second Representative District. These funds shall be expended by the Dept. of Transportation.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 3028-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Peters.

SCRep. 356-78 Energy and Transportation on H.B. No. 3024-78

The purpose of this bill is to appropriate funds necessary for capital improvement projects in the Twenty-Second Representative District. These funds shall be expended by the Dept. of Accounting and General Services.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 3024-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Peters.

SCRep. 357-78 Energy and Transportation on H.B. No. 2934-78

The purpose of this bill is to provide for the safety of motor vehicles operated or moved upon any public road, street, or highway within the state by clarifying the permit requirements for vehicles which exceed the limits provided in sections 291-34 and 29135, Hawaii Revised Statutes.

Under the present law, vehicles issued an annual permit are required to carry it in the vehicle or equipment for which it is issued. Normal use and handling of the permit often renders it illegible over a period of time. Your Committee finds a more practical procedure would allow a copy of the permit to be placed in the vehicle or equipment while the original is retained at the place of business and has amended the bill accordingly.

Current law authorizes the director of transportation or the county engineer to charge a permit fee and to deposit such fee into the state or county's account with the highway special fund. Since the counties do not currently maintain a fee schedule for this category of permits, your Committee has amended the bill to exclude the counties from this provision.

Motor vehicles used in agricultural operations or activities must obtain a permit in order to cross a state road or highway. Testimony presented before your Committee stated that the cost, time and clerical effort required to obtain the permit caused an unreasonable burden on the agricultural industries. Your Committee, concurring with both private and public sectors, has amended this bill to include a new subsection to allow agricultural vehicles to cross public roads without a permit at locations previously approved by the director of transportation.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 2934-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2934-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 358-78 Energy and Transportation on H.B. No. 2885-78

The purpose of this bill is to appropriate matching county funds for the purchase of seven new diesel buses as part of the County of Hawaii's bus replacement and route expansion program.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 2885-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Peters.

SCRep. 359-78 Energy and Transportation on H.B. No. 2607-78

The purpose of this bill is to appropriate funds to be expended by the Department of Transportation in order to construct a fortyfour foot roadway along the state highway right-of-way.

The Department of Transportation testified that while there are no objections to the purpose of this bill, the subject is under the jurisdiction of the City and County of Honolulu. This bill has been appropriately amended.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 2607-78 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2607-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Peters.

SCRep. 360-78 Energy and Transportation on H.B. NO. 2576-78

The purpose of this bill is to appropriate funds for the plans and construction of a bikeway along the Honoapiilani Highway from Honokowai to Lahaina Civic Center, Lahaina, Maui.

The Department of Transportation estimates the cost of the facility to be \$430,000. The bill has been amended accordingly.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 2576-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2576-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Peters.

SCRep. 361-78 Energy and Transportation on H.B. No. 2330-78

The purpose of this bill is to appropriate funds for preliminary plans for a dam crossing to replace the narrow, two-lane Karsten Thot Bridge in Wahiawa.

Your Committee finds that constructing a dam crossing rather than a single purpose highway bridge would conserve water. The Department of Land and Natural Resources is the responsible State agency for water resource and recreation. Therefore, this bill has been appropriately amended; funds appropriated by this bill shall be expended by the Department of Land and Natural Resources rather than the Department of Transportation.

Based on the findings and recommendation of the Department of Land and Natural Resources, the Department of Transportation has taken the dam crossing alternative for the replacement of Karsten Thot Bridge under consideration.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 2330-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2330-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Peters.

SCRep. 362-78 Energy and Transportation on H.B. No. 2262-78

The purpose of this bill is to appropriate funds for the plans and construction of a small boat launching ramp at Honouliwai, Molokai.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 2262-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Peters.

SCRep. 363-78 Energy and Transportation on H.B. No. 2263-78

The purpose of this bill is to appropriate funds to resurface Kamehameha V Highway at east-end Molokai.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 2263-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Peters.

SCRep. 364-78 Energy and Transportation on H.B. No. 2181-78

The purpose of this bill is to appropriate funds for the construction of improvements at Kahului Harbor, Maui.

Your Committee on Energy and Transportation is in accord with the intent and purpose

of H.B. No. 2181-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Peters.

SCRep. 365-78 Energy and Transportation on H.B. No. 2180-78

The purpose of this bill is to appropriate supplemental funds for land acquisition and construction of Piilani Highway, Kihei to Ulupalakua, Maui.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 2080-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Peters.

SCRep. 366-78 Energy and Transportation on H.B. No. 2886-78

The purpose of this bill is to appropriate matching county funds for studies on the marketing, maintenance, fleet inventory and facilities of the Hawaii County Transit System, County of Hawaii.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 2886-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Peters.

SCRep. 367-78 Energy and Transportation on H.B. No. 2126-78

The purpose of this bill is to appropriate funds for plans and construction of traffic lights at the intersection of lower Main Street and Waiehu Beach Road, Wailuku, Maui.

This bill has been amended to also provide for the construction of a right turn lane. Testimony from the Department of Transportation states that a right turn lane should also be constructed in order to provide for an efficient and safe intersection.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 2126-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2126-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Peters.

SCRep. 368-78 Energy and Transportation on H.B. No. 2179-78

The purpose of this bill is to appropriate funds to improve the General Aviation East Ramp at Kahului Airport, Maui.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 2179-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Peters.

SCRep. 369-78 Energy and Transportation on H.B. No. 2910-78

The purpose of this bill is to appropriate funds for the purchase and installation of traffic lights at the entrance of Whitmore City and Kamehameha Highway, Oahu.

The Department of Transportation submitted testimony estimating the necessary funds at \$77,000. This sum has been incorporated into the bill.

Your Committee on Energy and Transportation is in accord with the intent and purpose

of H.B. No. 2910-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2910-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Peters.

SCRep. 370-78 Energy and Transportation on H.B. No. 2908-78

The purpose of this bill is to appropriate funds for the purchase and installation of street lights on Wilikina Drive and Kaukonahua Road, across from Schofield Barracks, Oahu.

The Department of Transportation presented testimony estimating the cost at \$8,000. Moreover, your Committee finds that these funds should be expended by the City and County of Honolulu instead of the Department of Transportation. These revisions have been incorporated into the bill.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 2908-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2908-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Peters.

SCRep. 371-78 Energy and Transportation on H.B. No. 2909-78

The purpose of this bill is to appropriate funds for the complete repaving of Koa and Auwai Streets, Oahu. These funds shall be expended by the City and County of Honolulu.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 2909-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Peters.

SCRep. 372-78 Education on H.B. No. 610

The purpose of this Bill is to set up a program involving adult traffic monitors to assist in controlling and directing traffic in the vicinity of schools. The chiefs of police of the counties are to appoint, train and compensate the traffic monitors. The traffic monitor system is intended as a supplement to present methods of control in school areas, and not as a replacement for the Junior Police Officer Program. The traffic monitors would have the duty to assist police officers in all matters relating to the enforcement of traffic regulations in the vicinity of schools.

Your Committee finds that there are JPO programs being carried on voluntarily within schools. Where there are no volunteers, the principal or his designee is assigned the task. This situation results in the person being distracted from the regular responsibilities of the job. In several schools, teachers still volunteer for this task in an advisory capacity to JPO's.

Therefore, your Committee feels that there is a need to provide additional safety precautions to schools with traffic problems that endanger the health and safety of students.

Your Committee has amended this Bill to appropriate \$20,000, to be divided between the four county governments, to administer this program.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 610 as amended herein, and recommends that it be referred to the Committee on Finance for further consideration in the form attached hereto as H.B. No. 610, H.D. 1.

Signed by all members of the Committee except Representatives Carroll, Poepoe, Takamine and Ushijima.

SCRep. 373-78 Consumer Protection and Commerce on H.B. No. 2462-78

The purpose of this bill is to further the goals of consumer protection by strengthening regulation of and professionalizing commercial employment agencies.

Under present law, the Department of Labor and Industrial Relations has the responsibility of administering provisions relating to commercial employment agencies. This bill would transfer such responsibility to the Department of Regulatory Agencies. In addition, it would require all new agency owners to be certified by the National Employment Association as certified employment consultants, provide for an open fee schedule, and generally overhaul the provisions of chapter 373, Hawaii Revised Statutes.

Currently, there are no requirements other than the payment of a license fee and the posting of a bond for a person to become a private employment operator, and fees chargeable by an agency are set by the Director of the Department of Labor and Industrial Relations.

Your Committee feels that transferring the responsibility of administering the provisions of chapter 373, Hawaii Revised Statutes, relating to commercial employment agencies from the Department of Labor and Industrial Relations to the Department of Regulatory Agencies is not advisable at this time, inasmuch as the latter department is in the process of conducting a study of its many boards and may or may not be able to handle the added responsibilities. Your Committee, therefore, recommends an amendment to the bill for the purpose of keeping the Department of Labor and Industrial Relations responsible for commercial employment agencies.

With respect to requiring all new agency owners to be certified by the National Employment Association, your Committee is of the opinion that certification will definitely increase the level of professionalism in the field. However, your Committee recommends an amendment for the purpose of requiring current licensees to also be certified no later than June 30, 1983, in order that all licensees will eventually be so certified.

Finally, with respect to the open fee schedule, your Committee feels that allowing such a fee schedule may create the potential for abuse and prefers that the existing provision allowing the Director of the Department of Labor and Industrial Relations to set such fees be retained. Accordingly, your Committee recommends an amendment to the bill for this purpose.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2462-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2462-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Baker, Garcia and Fong.

SCRep. 374-78 State General Planning on H.B. No. 2173-78

The purpose of this bill is to establish a statewide planning process to provide means toward a quality future for the State of Hawaii. Part I of the bill sets forth the overall theme, goals, objectives, and policies for Hawaii. Part II establishes the processes and components of the statewide planning system, including the overall theme, goals, objectives, and policies; priority directions; state functional plans; county general plans and development plans; state programs; and other implementation mechanisms providing for an overall review and coordination process, budgetary and land use decision-making processes, and coordinative state processes. Priority directions for the State are set forth in Part III of the bill which includes an overall direction for the State and related implementing actions.

In evaluating this bill, your Committee received testimony from the Hawaii Hotel Association, the Hawaii Visitors Bureau, the Construction Industry Legislative Organization, the State Departments of Agriculture, Transportation, and Planning and Economic Development, and the State Land Use Commission. The counties of Kauai, Maui, and Hawaii and the City and County of Honolulu also presented testimony through their planning departments.

In consideration of testimony presented and discussions carried on by your Committee, your Committee has made major changes to the following parts:

(1) Part I. Overall Theme, Goals, Objectives and Policies.

(a) The definition of "state agency" has been amended to include the University of Hawaii and definitions of "county agency" and "regional carrying capacity" have been included; and

(b) The phrase "Hawaii's people" has been substituted for the phrase "Hawaii's residents" where appropriate.

(2) Part II. Planning, Coordination, and Implementation.

(a) Functional plans are defined as a set of objectives and policies and an implementation program covering a specific field of activity. The county general plans shall be used as guidelines in the formulation of the state functional plans. The section on adoption by statute of the objectives and policies and on the implementation program of the functional plans has been amended to require that only the objectives and policies thereof be adopted by statute and that the implementation program be submitted to the Legislature for its consideration in the enactment of the objectives and policies of the functional plan;

(b) State programs have been required to conform to Parts I and III of this bill and the state functional plans adopted pursuant to the provisions of the bill;

(c) Capital improvement project appropriations for major plans and projects have been required to conform to state functional plans adopted pursuant to the provisions of this bill;

(d) Land use decision-making processes of the State Land Use Commission and the Board of Land and Natural Resources have been required to conform to the state functional plans adopted pursuant to the provisions of this bill;

(e) The state planning director has been designated as the chairman of the policy council and has been given one vote with the three other voting state agency heads each entitled to one vote;

(f) The section establishing the composition of the advisory committees has been amended to provide for increased input from the counties; and

(g) The provision requiring submittal of recommendations to the Legislature from the policy council on the functional plans and on the overall theme, goals, objectives, policies, and priority directions twenty days prior to convening of the Legislature has been amended to require that the recommendations be submitted thirty days prior to the convening of the Legislature.

(3) Part III. Priority Directions.

(a) The implementing actions of the priority directions have been selectively broadened.

Your Committee on State General Planning is in accord with the intent and purpose of H.B. No. 2173-78 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. 2173-78, H.D. 2.

Signed by all members of the Committee.

SCRep. 375-78 Judiciary on H.B. No. 2860-78

The purpose of this bill is to increase the fee for service of civil summons, warrants, attachments and other civil process from \$5 to \$7. The increase would be accomplished in two phases, the first from \$5 to \$6 effective July 1, 1978, and from \$6 to \$7 effective July 1, 1979.

Your Committee finds that the increase is reasonable and necessary to offset the rising costs of service on the part of the individual deputy sheriffs. The deputies are independent contractors who bear all the costs involved in their line of work, including automobile costs, and insurance for themselves and their automobiles. There is no cost to the State, as the fee is part of the court cost.

Your Committee was informed of an inconsistency in the bill relating to the cost for servicing of subpoenas or garnishee summons in the district and circuit courts. The cost increase for such service in the district court was apparently inadvertently omitted in the bill, and your Committee has amended the bill to correct the omission.

Your Committee also amended the bill by making some nonsubstantive technical changes to conform the bill to the statute.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2860-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2860-78, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 376-78 Judiciary on H.B. No. 2158-78

The purpose of this bill is to provide \$110,482.12, or so much thereof as may be necessary, to create an organized crime-selected offender unit within the County of Hawaii.

Recently, the County of Hawaii, which has about ten percent of the state's population has experienced a significant immigration of convicted felons. It has been reported that as many as thirty percent of the state's convicted felons may now be living in the county. This is due in part to the vast land area which makes it ideal for criminal elements to engage in illegal activities, such as growing and selling marijuana. The primary reason for the increased organized crime activities appears to be marijuana, which commands a premium elsewhere in the state and on the mainland.

Your Committee feels, therefore, that the County of Hawaii is in a unique position and the appropriation contained herein is warranted to aid the County of Hawaii in combating the surge in the growth of organized crime elements.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2158-78 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Baker.

SCRep. 377-78 Judiciary on H.B. No. 1769-78

The purpose of this bill is to appropriate moneys out of the general revenues of the State for the purpose of compensating persons pursuant to Chapter 351, Hawaii Revised Statutes, the Criminal Injuries Compensation Act. Your Committee has amended the bill to list the respective names and amounts of compensation to be paid pursuant to the Act, in the total sum of \$226,868.55. Under this bill as amended, 158 victims, 16 attorneys, 8 doctors, 7 hospitals, 7 medical clinics, 3 providers of miscellaneous medical services, and 4 funeral homes will be compensated.

The sums appropriated are to be paid upon warrants issued by the comptroller of the State upon vouchers approved by the director of finance.

The bill also provides that the unexpended and unencumbered balance of the appropriations shall lapse at the close of business on June 29, 1979.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1769-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1769-78, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 378-78 Judiciary on H.B. No. 2239-78

The purpose of this bill is to amend Chapter 843 relating to the Hawaii Commission On Crime by making the following changes:

- (1) Changing the name of the commission to the Hawaii Crime Commission.

- (2) Extending the life of the commission from eighteen to forty-eight months to June 30, 1981.
- (3) Providing for filling of any vacancy on the Commission by the governor with the advise and consent of the Senate.
- (4) Giving the chairman of the Commission the right to vote in the event of a tie vote.
- (5) Authorize the commission to receive and use gifts, money, services or assistance from any federal, state, county or private source.
- (6) Authorize the chairman to authorize preliminary inquiry into projects and investigations.
- (7) Clarify the right of the chairman or Commission to contract independently for services.
- (8) Provide for reports to the legislature prior to each session.
- (9) Require the Commission to investigate and collect evidence regarding criminal activity or the operation of the criminal justice system.
- (10) Authorize the Commission to hold closed hearings when necessary to maintain effectiveness of a study or investigation.
- (11) Clarify the power of the chairman to subpoena witnesses and to require production of documents, and for enforcement of the subpoenas.
- (12) Require the state and county governments to provide data and assistance to the Commission.
- (13) Provide civil immunity for Commission members, the chairman, staff and employees for actions or statements in the performance of their duties.
- (14) Provide that attorneys employed by the Commission would not become deputy attorneys general.
- (15) Provide funding to cover the extended life of the Commission.

Lt. Governor Doi, the chairman of the commission, testified that the above changes, while not expanding the scope of the commission, are necessary to clarify the provisions under which the commission is operating. Your Committee agrees that crime is a problem of such proportions that the activities of the Commission should be encouraged and the life of the Commission should be extended. Your Committee finds that extending the life of the Commission to thirty-six months to June 30, 1980 would be more appropriate and the bill has been amended accordingly. The terms of the Commissioners have also been extended.

Your Committee further amended the bill to provide for filling any vacancy on the Commission and for appointment of the chairman by joint resolution of the legislature. This change was made in order to minimize political influence on the Commission and to try to provide for a truly representative and independent body.

Your Committee deleted the provisions which would have authorized the chairman to authorize preliminary inquiry into projects and investigations because your Committee believes that such authorization should be exercised by the Commission. Your Committee further amended the bill to provide that the Commission staff is to be hired by the Commission.

The provision authorizing the Commission to collect evidence regarding criminal activity or the operation of the criminal justice system was also deleted.

Because of the potentially grave consequences which might result if any information in the hands of the Commission is disclosed without authorization of the Commission, your Committee inserted a penalty provision making it a class A felony to make such unauthorized disclosure.

Your Committee amended the funding provision to appropriate the sum of \$500,000

for the operation of the Commission.

Your Committee made numerous technical and style changes to conform the bill to the statute and to the rules of the House.

Your Committee is in accord with the intent and purpose of H.B. No. 2239-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2239-78, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 379-78 Culture and the Arts on H.B. No. 3065-78 (Majority)

The purpose of this bill is to provide monies for the maintenance of five translators located in Waianae, Oahu, Hawaii.

The five translators were installed with monies from the Model Cities Program in 1976. The installation of these five translators which carry the signals of each of Hawaii's five television stations provide television reception to the Waianae residents for the first time.

Your Committee has amended the bill to provide \$8,800 to the Hawaii Public Broadcasting Authority (REG 701) for the maintenance of the five Waianae translators.

Your Committee on Culture and the Arts is in accord with the intent and purpose of H.B. No. 3065-78, as herein amended, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3065-78, H.D. 1 and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Ushijima.
(Representative Carroll did not concur.)

SCRep. 380-78 Culture and the Arts on H.B. No. 2601-78

The purpose of this bill is to amend Section 26-6 of the Hawaii Revised Statutes by authorizing the King Kamehameha Celebration Commission to grant approval for the use of the King Kamehameha statue.

Your Committee has amended line 5 of the bill to correctly identify the commission as the King Kamehameha Celebration Commission.

Your Committee on Culture and the Arts is in accord with the intent and purpose of H.B. No. 2601-78, as herein amended, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2601-78, H.D. 1 and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Ushijima.

SCRep. 381-78 Youth and Elderly Affairs, Public Assistance and Human Services,
and Health on H.B. No. 2715-78

The purpose of this act is to provide appropriations for a number of community oriented programs and for certain capital improvement projects in the Kalihi-Palama area. These programs and projects and the appropriations earmarked for each are as follows:

1.	Welfare Recipients Advisory Council	\$ 1,000
2.	Kalihi-Palama Culture and Arts Program	60,000
3.	Alternatives for Youth Program of the Kalihi YMCA	69,398
4.	Alcoholism Program of the Lanakila Rehabilitation Center	4,277

5.	The Children's Center, Inc.	\$ 85,050
6.	Family Service Center, Inc.	90,317
7.	Infant Satellite Nurseries Program of the Family Service Center, Inc.	20,647
8.	Play Plus Program of the Kalihi YMCA	37,500
9.	Abused Spouse Center of the Kokua Kalihi Valley Organization	20,000
10.	Transitional Work Program of the Lanakila Rehabilitation Center	24,200
11.	Hawaii State Senior Center	25,000
12.	Plans and construction of a youth facility at the Palama Settlement	300,000

Your Committees recommend that all of SECTION 3 of this bill, which earmarks funds in the amount of \$69,398 for the Alternatives for Youth Program of the Kalihi YMCA, and \$4,277 for the Alcoholism Program of the Lanakila Rehabilitation Center, be deleted since the Department of Health in its testimony before these Committees testified that items in this section are already covered in H.B. No. 2161-78.

Your Committees are in accord with the intent and purpose of H.B. No. 2715-78, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2715-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representative Baker.

SCRep. 382-78 Youth and Elderly Affairs and Public Assistance and Human Services on H.B. No. 2706-78

The purpose of this Act is to permit the State to assist aged indigent resident aliens to return to their homelands.

Your Committees find that there may be as many as several thousand aged Filipinos who have been living in Hawaii for 40-60 years. Many of these people are not healthy and live alone in isolated and very poor conditions with no one to care for them. These individuals were brought to Hawaii during the turn of the century by the Hawaii Sugar Planters' Association as part of that company's efforts to procure a cheap supply of labor. Filipino workers were desirable for two basic reasons. First, because the Philippines, like Hawaii, had recently been annexed by the United States after the Spanish-American War, the HSPA had only to deal with sympathetic American colonial officials in furthering their recruitment efforts. Second, Filipinos, as American Nationals, needed no visas or passports to enter American territory. By 1946, the year of Philippine independence, approximately 126,831 Filipinos had been brought to Hawaii, 109,512 of which were males, 9,398 females, and 7,921 children. This accounts for the great preponderance of single males among Filipino retirees in Hawaii.

With the rise of technological advancements and the decline of agriculture in Hawaii, it was only a matter of time before a large number of these Filipinos found themselves unemployed. Lacking the ability to read or write many of these individuals lost touch with the world around them and have lived in relative isolation ever since.

Your Committees find that there are many of these aged Filipinos who wish to return home to the country of their origin, but who lack the means to facilitate such a move on their own.

Your Committees find that it may be in the best interest of the State and these individuals for the State to intercede in this matter and to assist in returning to their homelands, these individuals desirous of returning. This would represent not only a humanitarian gesture to these individuals who have contributed a major portion of their lives to the development and advancement of the State, but would also be a prudent fiscal move.

Your Committees find that to date 29 aged Filipino males, through the assistance of

Balik-Bahay, a non-profit, community service organization have been returned to their country of origin. These individuals at the time of their departure were costing the public an average of approximately \$4,600 per month in public assistance (supplemental security income, care and nursing homes, food stamps, medicare, and housing). Since the first group of these 29 men left for home in 1975 up to the present, the government has realized a savings of approximately \$93,000.

Your Committees further find that the \$100,000 earmarked in H.B. No. 2706-78 would provide for the return of 120 qualified, aged individuals to the countries of their origin. Based on the figures applied to the original 29 individuals who were returned home previously, the State could realize a potential savings of \$230,000 annually.

Your Committees further find that there is a significant number of these aged indigent resident aliens who wish to return home but lack the means to do so; that the government of the Philippines is in support of a program to facilitate the return home of aged indigent Filipinos and has offered their cooperation and assistance in this matter, and that of those individuals who have previously returned home none have returned to Hawaii, nor have expressed a desire to do so, and in most cases have been reunited with their families who have welcomed their return.

Your Committees wish to make clear that this program to return aged indigent resident aliens to their country of origin is to be made available to all individuals from all ethnic backgrounds and not just Filipinos, so long as they meet the standards prescribed by H.B. No. 2706-78. Reference throughout this report has been made specifically with regard to Filipinos simply because information is available on this group and not on others, and for illustrative purposes in order to more clearly define the problem.

Your Committees also wish to make clear their intention that the funding for this program shall last for one year, and that during this period the department of social services and housing is to make every effort to explore all sources of federal funding that may be diverted to this program.

Your Committees recommend that H.B. No. 2706-78 be amended to incorporate the following changes:

- 1) In all instances where the phrase "aged and indigent aliens" appears, delete the conjunction "and." This will prevent any confusion with regard to the "aged" and "indigent resident aliens" being misconstrued as two distinct groups.
- 2) Sec. 346- Administration and Sec. 346- Determination of amount of assistance are amended to include provisions for the financing of administrative costs in addition to transportation costs associated with this program.
- 3) SECTION 3 is amended to include a proviso stating that the funds shall be appropriated "provided that all other sources of funding have been explored and proved to be unavailable."

Your Committee on Youth and Elderly Affairs, and your Committee on Public Assistance and Human Services are in accord with the intent and purpose of H.B. No. 2706-78, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2706-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Baker.

SCRep. 383-78 Youth and Elderly Affairs on H.B. No. 2519-78

The purpose of this Act is to amend Chapter 577, Hawaii Revised Statutes, by making it an offense for any minor between the ages of 6 and 16 years of age to remain in or about any public place or establishment during secondary school hours of any school day or past the legal curfew hour without proper authorization and by providing guidelines for the enforcement of this Act.

Your Committee finds that although current statutes require all able children not otherwise excepted from the law to attend school, truancy and chronic absenteeism remains a serious problem.

Your Committee further finds that minors who are absent from school are often times

found at shopping centers, amusement centers and other recreational public establishments, and that their non-attendance in school is detrimental to both the community and the student in terms of his or her development as a contributing member of society.

Your Committee is in agreement that measures aimed at facilitating higher levels of school attendance and discouraging loitering by minors after curfew are necessary and desirable, and believes that H.B. No. 2519-78 provides suitable guidelines for the more stringent enforcement of school attendance and curfew violations. Your Committee recommends, however, that H.B. No. 2519-78 be amended so as to raise the age limit covered by this bill from sixteen to eighteen years of age to conform with the age of compulsory school attendance.

Your Committee finds that as a result of H.B. No. 2519-78 (1) the Department of Education will have tighter control of students during school hours because students must be authorized to be in public streets during those hours; (2) parents will make greater efforts in keeping track of their children since they will be subject to a fine if they fail to do so; and (3) will strengthen the existing laws relating to curfew violation.

Your Committee on Youth and Elderly Affairs is in accord with the intent and purpose of H.B. No. 2519-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2519-78, H.D. 1 and be referred to the Judiciary Committee.

Signed by all members of the Committee except Representatives Baker and Ushijima.

SCRep. 384-78 Ecology and Environmental Protection on H.B. No. 2293-78

The purpose of this Act is to delineate more clearly the authority and responsibilities of the Office of Environmental Quality Control.

Your Committee finds that the monitoring of environmental changes and effects involving health, air, water, wastes, soil, noise, and pesticides is the function of the Department of Health.

Your Committee has amended this bill by deleting Section 1 and inserting in its place an amendment to Section 341-4, Hawaii Revised Statutes, which removes from the responsibilities of the Director of Environmental Quality Control the development of a system to monitor ecological, environmental, and social conditions throughout the State, and rennumbers subsection (b) for the purpose of consistency.

Your Committee on Ecology and Environmental Protection is in accord with the intent and purpose of H.B. No. 2293-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2293-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 385-78 Ecology and Environmental Protection and Water, Land Use Development and Hawaiian Homes on H.B. No. 3045-78

The purpose of this bill is to amend Section 342-34, Hawaii Revised Statutes, to provide for the expansion of the construction grant scope eligibility for water pollution control, and related facilities.

Your Committees find that it is the policy of the State, as it relates to the conservation ethic, to promote innovative methods for resource management and conservation.

Your Committees find that the State currently finances 40% of the non-federal cost of wastewater treatment projects, and that the State must continue to finance 40% of the reasonable nonfederal cost to be eligible for 85% Federal grants.

Your Committees have amended Section 1, page 2, in lines 7 and 8 by requiring the applicant to pay 60% of the non-federal share rather than 15% of the estimated reasonable cost.

Your Committees have also amended Section 1, page 1, in line 8 by adding the word "than" to exclude wastewater reclamation or waste management by conventional means.

Your Committees on Ecology and Environmental Protection and Water, Land Use Development and Hawaiian Homes are in accord with the intent and purpose of H.B. No. 3045-78, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3045-78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 386-78 Energy and Transportation on H.B. No. 158

The purpose of this bill, as amended, is to insure that before any authorization of the general revenues of the State of Hawaii are committed for planning and construction of a mass transit system in the City and County of Honolulu, the investment of public funds into a mass transit system be justified by a thorough and objective examination and analysis of all plans, including a detailed financing plan for both capital and operating costs, relative to a mass transit system.

In 1975 the Legislature adopted Senate Concurrent Resolution No. 135, supporting in principle the proposed fixed guideway system. Your Committee finds, however that past decisions to support the development of a fixed guideway system are in need of reexamination.

Your Committee finds further that such reexamination be also reaffirmed in the form of a concurrent resolution to review and approve the significant modifications which have been made to the original design and engineering plans, including a proposal to realign the guideway route by construction of an underground tunnel beneath Waialae Avenue.

Your Committee recognizes that further revisions and modifications may be required in the design, construction and engineering plans, increasing the total cost of the project.

The huge capital investment needed for a mass transit system and the constantly escalating cost estimates demand careful reassessment of financing assumptions.

In addition, recent federal statements indicate that, in the event construction costs exceed estimates, local funds will be required to pay up to one hundred per cent of such overruns, and based on the experience of other communities which have constructed fixed guideway systems, overruns can be expected to be substantial. Furthermore, a fixed guideway transit system for Honolulu has been projected to incur an annual operating deficit, requiring full subsidy, of more than \$43 million a year in the first full year of operation and this deficit is expected to increase each year thereafter.

Inasmuch as the state will be required to provide one-half of the local share of funding for the fixed guideway and up to one hundred percent of any cost overruns, your Committee finds it appropriate to establish a procedure requiring that the state make final approval of the plans before any funds are expended.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 158, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 158, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 387-78 Energy and Transportation on H.B. No. 3027-78

The purpose of this bill is to appropriate funds for the capital improvement projects in the 22nd Representative District.

Your Committee finds it necessary to expend an estimated amount of \$20,000 for the installation of 25 street lights along Kamehameha Highway in the vicinity of Waialea Livestock Research Station. This bill has been amended accordingly.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 302778, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 302778, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Peters.