

SCRep. 308 Tourism on H.B. No. 1601 (Majority)

The purpose of this bill is to provide assistance for the promotion of the Carole Kai Bed-Race. This event is held annually to raise funds for children with learning disabilities at the Variety Club School. Its popularity has increased with each year, particularly with Hawaii's visitors since it is held in Waikiki, and has become a major tourist attraction. Recently, other areas in the nation have also begun to sponsor and hold bed races in their communities.

In view of our commitment to the development of a quality visitor industry in Hawaii, such events as the Carole Kai Bed-Race should be supported through the Hawaii Visitors Bureau (HVB) special events program.

Your Committee on Tourism is in accord with the intent and purpose of H.B. No. 1601 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Kunimura.
(Representative Hagino did not concur.)

SCRep. 309 Education; and Public Employment and Government Operations
on H.B. No. 919

The purposes of this bill are (1) to enable the Board of Education to have its own research and professional support staff, independent of the Superintendent of Education and his administrative staff, by expressly authorizing the Board to hire its own non-civil service professional employees and by making an appropriation for such a staff, and (2) to expressly provide that the Board, which heads the Department of Education pursuant to sections 26-12 and 296-2, Hawaii Revised Statutes, shall be the appointing authority for the Board's civil service secretarial or clerical employees.

Under this bill, the Board may employ or contract, without regard to State civil service laws, and at pleasure dismiss such professional employees as it may deem necessary for the performance of its functions.

The bill also provides that the Board may also appoint and dismiss, subject to State civil service laws, such clerical employees as may be necessary for the performance of its functions.

Your Committees find that an increasing number of school boards across the nation, especially in big city school districts, are already operating with independent board staffs, and that Hawaii's school system, because of its centralized, statewide nature, ranks as one of the nation's larger school systems.

Your Committees are aware that the primary function of a board staff is to facilitate the policy and decision-making function of the board by providing impartial and factual staff services on matters under deliberation by the board.

Accordingly, your Committees firmly believe that the creation of an independent board staff is an effective vehicle by which to help the Hawaii State Board of Education to exercise intelligent leadership and to more effectively govern our school system.

The Board of Education, through its Chairperson and one of its members, testified strongly in support of the bill, citing, among other reasons, the following:

1. The Board, comprised of elected members, is ultimately responsible to the electorate, as the policy-making body for the Department of Education, for the quality of services rendered by the Department to public school students and other members of the public utilizing departmental services or participating in departmental programs. The Board therefore needs its own research and professional support staff in order to effectively discharge its duties or responsibilities.

The chairperson testified that the Board has sought the necessary authority and funds to hire its own professional staff ever since the Board became an elected body.

2. More specifically, the Board needs such a staff, among other things, to provide it with objective analyses of proposals and plans submitted to the Board for action, to provide research and reference services, including fact and data gathering services, and to monitor and objectively evaluate on-going programs and operating units within

the Department of Education .

Your Committees have amended the bill, at Section 3, by inserting the figure of \$28,424 as the sum to be appropriated to carry out the purposes of the bill.

Your Committee on Education and your Committee on Public Employment and Government Operations are in accord with the intent and purpose of H.B. No. 919, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 919, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representative Masutani.

SCRep. 310 Education on H.B. No. 1309

The purpose of this bill is to establish a pilot project in the Honolulu district of the Department of Education to determine the effectiveness of the State's manpower training program in providing a job-oriented career opportunities program for secondary school students who are not satisfied with the curriculum offerings currently available to them.

The manpower training program shall be administered by the State Manpower Training Office, University of Hawaii Community College System, under guidelines mutually agreed to by the Manpower Training Office and the Honolulu district office of the Department of Education. The Department of Education shall contract with the Manpower Training Office, University of Hawaii, for services to establish and implement the pilot project.

The Department of Education testified in support of the bill and reported that the progress of an ongoing pilot project, already funded for fiscal year 1978-79, has been encouraging thus far.

Your Committee has learned, however, that out of the \$150,000 required for the one year operation of this project, \$75,000 is already provided for in the budget for that project.

Accordingly, your Committee has amended the bill so as to decrease the amount appropriated from \$150,000 to \$75,000 for the first year of the project.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 1309, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1309, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 311 Education on H.B. No. 1310

The purpose of this bill is to provide \$150,000 for the Primary School Adjustment Project which is to be expended by the Honolulu district office of the Department of Education.

The Primary School Adjustment Project provides early identification and treatment services to children in grades kindergarten through three with symptoms indicating social or emotional difficulties. The project has been in operation in four Honolulu district elementary schools since 1977. Thus far, the project has been federally funded, but the continuation of these funds for the 1979-80 school year is uncertain. The project is currently operating on a \$70,000 per year budget.

The Primary School Adjustment Project Coordinator testified in support of the bill, indicating that an evaluation of the project after the first year yielded positive findings, e.g., that 68% of the children enrolled in the project showed significant behavioral improvement so as to be "graduated" from the project.

The principal of Lunalilo Elementary School also testified in support of the bill and made reference to desirable behavioral changes in children which have been noted as a result of the project.

Testimonies received from two parents and a medical doctor also supported this project.

Because the project is currently operating with \$70,000 in its budget, your Committee has amended the bill so as to decrease the amount appropriated from \$150,000 to \$70,000

for the fiscal year 1979-80. The bill is also amended to specify that June 30, 1980 will be the date after which any unexpended or unencumbered balance of the appropriation made by this bill shall lapse into the general fund (as of July 1, 1980).

Your Committee on Education is in accord with the intent and purpose of H.B. No. 1310, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1310, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 312 Education on H.B. No. 518

The purpose of this bill is to provide \$99,981 for the operations of the Alternative Education Program at Hilo High School in the Hawaii district of the Department of Education.

Currently, the Alternative Education Program is operating on funds specially appropriated (\$40,000) by the 1978 legislature. According to reports submitted by Hilo High School to the Department of Education, the program has been operating successfully thus far, and parents have been supportive of the program.

Your Committee has learned, however, that out of the total amounts required for this program -- \$48,300 for fiscal year 1979-80 and \$51,681 for fiscal year 1980-81 -- \$42,000 for fiscal year 1979-80 and \$44,000 for fiscal year 1980-81 are already budgeted for that program.

Accordingly, your Committee has amended the bill so as to decrease the amount appropriated from \$99,981 to \$13,981 for the fiscal biennium 1979-81, i.e., specifically from \$48,300 to \$6,300 for fiscal year 1979-80 and from \$51,681 to \$7,681 for fiscal year 1980-81.

Your Committee has also amended the bill to specify that June 30, 1981 will be the date after which any unexpended or unencumbered balance of the appropriation made by this bill shall lapse into the general fund (as of July 1, 1981).

Your Committee on Education is in accord with the intent and purpose of H.B. No. 518, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 518, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 313 Education on H.B. No. 411

The purpose of this bill is to amend Chapter 235, Hawaii Revised Statutes, to allow teachers who obtain B credits, as defined by rules and regulations of the Department of Education, to claim income tax deductions for travel and miscellaneous expenses incurred by attending out-of-state educational workshops.

Testimony received from the Department of Taxation indicated that the federal Internal Revenue Code allows deductions for educational expenses. These include travel, meals, and lodging expenses incurred during trips for educational purposes. Personal activity expenses which may occur during out-of-state trips, however, are not deductible. The Department of Taxation supports conformity of Chapter 235, Hawaii Revised Statutes, with the Internal Revenue Code so as to allow a deduction for educational expenses.

Your Committee on Education is in accord with the intent and purpose of H.B. 411 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 314 Education on H.B. No. 656

The purpose of this bill is to establish in the Department of Education a special contingency fund to be utilized at the discretion of the Superintendent of Education in the performance of his duties and to make an appropriation for the fund.

Because the establishment of such a special contingency fund is unnecessary at this time, your Committee has amended the purpose of the bill to establish instead a special reserve fund for instructional and related programs and to make an appropriation to

the fund for the next two fiscal years, 1979-80 and 1980-81. The special reserve fund is to be utilized by the Superintendent of Education to meet unanticipated situations, contingencies, or emergencies requiring additional expenditures of funds for authorized and current Department of Education instructional and related programs, including but not limited to unanticipated situations requiring the purchase of additional school supplies and equipment.

Your Committee has also amended the bill to require the Superintendent to maintain a detailed record of the amounts and purposes for which the expenditures are made and to submit to both houses of the Legislature detailed quarterly reports, within certain specified time periods, as to the expenditures made from the special reserve fund.

Your Committee firmly believes that for a department as large as the Department of Education, which serves thousands of students, a special reserve fund is necessary to cover emergencies and other unbudgeted but necessary needs.

Your Committee also believes that the detailed quarterly reporting requirements written into the bill will prevent abuses of the fund and that expenditures from the fund, which must be for instructional and related public education programs, will ultimately benefit our young people.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 656, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 656, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 315 Education on H.B. Nos. 194, 260, 268, 473, 497, 571, 630, 657, 681, 806, 807, 808, 809, 836, 839, 840, 841, 842, 845, 846, 847, 848, 849, 853, 854, 877, 888, 910, 912, 953, 954, 956, 958, 1049, 1059, 1077, 1079, 1086, 1202, 1203, 1204, 1230, 1238, 1240, 1245, 1304, 1305, 1306, 1307, 1324, 1325, 1344, 1345, 1346, 1348, 1349, 1409, 1410, 1443, 1477, 1479, 1486, 1491, 1502, 1541, 1542, 1543, 1544, 1545, 1546, 1547, 1548, 1550, 1592, 1593, 1697, 1732

H.B. No. 194 entitled: "MAKING AN APPROPRIATION FOR EDUCATIONAL FACILITIES AND SERVICES FOR THE SEVENTH REPRESENTATIVE DISTRICT."

The purpose of this bill is to improve educational facilities and services in the Seventh Representative District.

H.B. No. 260 entitled: "MAKING AN APPROPRIATION FOR THE DEMOLITION OF THE PRESENT AUDITORIUM AND THE EXPANSION OF THE PRESENT CAFETERIA TO PROVIDE A STAGE AREA AT ALIOLANI SCHOOL."

The purpose of this bill is for the demolition of the present auditorium and the expansion of the present cafeteria to provide a stage area at Aliolani School.

H.B. No. 268 entitled: "MAKING AN APPROPRIATION FOR EDUCATIONAL FACILITIES AND SERVICES IN THE 19TH REPRESENTATIVE DISTRICT."

The purpose of this bill is for the appropriation of funds out of the general fund for educational facilities and services in the 19th Representative District.

H.B. No. 473 entitled: "MAKING AN APPROPRIATION FOR PLANS AND CONSTRUCTION OF COVERED WALKWAYS AT PALOLO ELEMENTARY SCHOOL, HONOLULU."

The purpose of this bill is for the appropriation of funds out of the general revenues of the State of Hawaii for planning and construction of covered walkways at Palolo Elementary School.

H.B. No. 497 entitled: "MAKING AN APPROPRIATION FOR REPLACEMENT OF THE PUBLIC ADDRESS SYSTEM AT LEILEHUA HIGH SCHOOL ATHLETIC FIELD, OAHU."

The purpose of this bill is for the appropriation of funds out of the general revenues of the State of Hawaii for replacement of the public address system at Leilehua High School Athletic Field.

H.B. No. 571 entitled: "MAKING AN APPROPRIATION FOR PLANS FOR A COVERED

WALKWAY AT WAIALUA ELEMENTARY SCHOOL, WAIALUA, OAHU."

The purpose of this bill is for the appropriation of funds out of the general revenues of the State of Hawaii for planning of a covered walkway at Waialua Elementary School, Oahu.

H.B. No. 630 entitled: "MAKING AN APPROPRIATION FOR EDUCATIONAL FACILITIES AND SERVICES IN THE 16TH REPRESENTATIVE DISTRICT."

The purpose of this bill is for the appropriation of funds out of the general revenues of the State of Hawaii for educational facilities and services in the 16th Representative District.

H.B. No. 657 entitled: "MAKING APPROPRIATIONS FOR CAPITAL IMPROVEMENT PROJECT AT HOKULANI ELEMENTARY SCHOOL, HONOLULU, OAHU."

The purpose of this bill is for an appropriation for various capital improvements at Hokulani Elementary School, Honolulu, Oahu.

H.B. No. 681 entitled: "MAKING AN APPROPRIATION FOR EDUCATIONAL FACILITIES AND SERVICES IN THE 24TH REPRESENTATIVE DISTRICT."

The purpose of this bill is for an appropriation for educational facilities and services in the 24th Representative District.

H.B. No. 806 entitled: "MAKING AN APPROPRIATION FOR REPAIR AND MAINTENANCE PROJECTS AT NOELANI ELEMENTARY SCHOOL."

The purpose of this bill is for an appropriation for the repair and maintenance projects at Noelani Elementary School.

H.B. No. 807 entitled: "MAKING AN APPROPRIATION FOR REPAIR AND MAINTENANCE PROJECTS AT MANOA ELEMENTARY SCHOOL."

The purpose of this bill is for an appropriation for repair and maintenance projects at Manoa Elementary School, Honolulu, Oahu.

H.B. No. 808 entitled: "MAKING AN APPROPRIATION FOR REPAIR AND MAINTENANCE PROJECTS AT ROOSEVELT HIGH SCHOOL."

The purpose of this bill is for an appropriation for repair and maintenance of Roosevelt High School, Honolulu, Oahu.

H.B. No. 809 entitled: "MAKING AN APPROPRIATION FOR REPAIR AND MAINTENANCE PROJECTS AT STEVENSON INTERMEDIATE SCHOOL."

The purpose of this bill is for an appropriation for repair and maintenance projects at Stevenson Intermediate School, Honolulu, Oahu.

H.B. No. 836 entitled: "MAKING AN APPROPRIATION FOR SECURITY SCREENS FOR THE AUTOMOTIVE MECHANICS SHOP OF KING HIGH AND INTERMEDIATE SCHOOL."

The purpose of this bill is for an appropriation for security screens for the automotive mechanics shop at King High and Intermediate School, Honolulu, Oahu.

H.B. No. 839 entitled: "MAKING AN APPROPRIATION FOR KAILUA HIGH SCHOOL, OAHU."

The purpose of this bill is for an appropriation for repair and maintenance of Kailua High School, Honolulu, Oahu.

H.B. No. 840 entitled: "MAKING AN APPROPRIATION FOR KANEOHE ELEMENTARY SCHOOL, OAHU."

The purpose of this bill is for an appropriation for repair and maintenance of Kaneohe Elementary School, Oahu.

H.B. No. 841 entitled: "MAKING AN APPROPRIATION FOR CASTLE HIGH SCHOOL, OAHU."

The purpose of this bill is for an appropriation for the repair and maintenance of Castle High School, Kaneohe, Oahu.

H.B. No. 842 entitled: "MAKING AN APPROPRIATION FOR THE PLANNING, DESIGN, AND CONSTRUCTION OF DRIVEWAY AND PARKING IMPROVEMENTS FOR KANEOHE REGIONAL LIBRARY, OAHU."

The purpose of this bill is for an appropriation for the planning design, and construction of driveway and parking improvements for Kaneohe Regional Library, Oahu.

H.B. No. 845 entitled: "MAKING AN APPROPRIATION FOR BEN PARKER ELEMENTARY SCHOOL, OAHU."

The purpose of this bill is for an appropriation for the repair and maintenance of Ben Parker Elementary School, Oahu.

H.B. No. 846 entitled: "MAKING AN APPROPRIATION FOR PUOHALA ELEMENTARY SCHOOL, OAHU."

The purpose of this bill is for an appropriation for the repair and maintenance of Puohala Elementary School, Oahu.

H.B. No. 847 entitled: "MAKING AN APPROPRIATION FOR MAUNAWILI ELEMENTARY SCHOOL, OAHU."

The purpose of this bill is for an appropriation for the repair and maintenance of Maunawili Elementary School, Oahu.

H.B. No. 848 entitled: "MAKING AN APPROPRIATION FOR KING INTERMEDIATE SCHOOL, OAHU."

The purpose of this bill is for an appropriation for various projects at King Intermediate School, Oahu.

H.B. No. 849 entitled: "MAKING AN APPROPRIATION FOR KAPUNAHALA ELEMENTARY SCHOOL, OAHU."

The purpose of this bill is for an appropriation for repair and maintenance and improvements at Kapunahala Elementary School, Oahu.

H.B. No. 853 entitled: "MAKING AN APPROPRIATION FOR PLANS AND CONSTRUCTION OF A CHAIN LINK FENCE AT WAHIAWA ELEMENTARY SCHOOL, OAHU."

The purpose of this bill is for an appropriation for plans and construction of a chain link fence at Wahiawa Elementary School.

H.B. No. 854 entitled: "MAKING AN APPROPRIATION FOR THE PLANNING OF A MULTI-PURPOSE THEATRE AT LEILEHUA HIGH SCHOOL, OAHU."

The purpose of this bill is for an appropriation for the planning of a multipurpose theatre at Leilehua High School, Oahu.

H.B. No. 877 entitled: "MAKING AN APPROPRIATION FOR BLEACHERS, TRACK AND IMPROVEMENTS TO JULIAN R. YATES FIELD, KONAWAENA HIGH AND INTERMEDIATE SCHOOL."

The purpose of this bill is for an appropriation for bleachers, track and improvements to Julian R. Yates field, Konawaena High and Intermediate School, Hawaii.

H.B. No. 888 entitled: "MAKING AN APPROPRIATION FOR THE RENOVATION OF CLASSROOM AND LIBRARY FACILITIES, ANUENUE ELEMENTARY SCHOOL, OAHU."

The purpose of this bill is for an appropriation for the renovation of classroom and library facilities, Anuenue Elementary School, Oahu.

H.B. No. 910 entitled: "MAKING AN APPROPRIATION TO PROVIDE AN EXTENDED PAVED DRIVEWAY AT KULA ELEMENTARY SCHOOL, MAUI."

The purpose of this bill is for an appropriation to provide an extended paved driveway at Kula Elementary School, Maui.

H.B. No. 912 entitled: "MAKING AN APPROPRIATION FOR ADDITIONAL SECURITY FENCING AT KAHULUI SCHOOL, MAUI SCHOOL DISTRICT."

The purpose of this bill is for an appropriation for additional security fencing at Kahului School, Maui School District.

H.B. No. 953 entitled: "RELATING TO APPROPRIATIONS FOR CAPITAL INVESTMENTS."

The purpose of this bill is for an appropriation for the planning and installation of night lights for the Castle High School football field.

H.B. No. 954 entitled: "MAKING AN APPROPRIATION FOR PLANNING AND RECONSTRUCTION FOR THE FIRE-DAMAGED MULTI-PURPOSE BUILDING AT KAILUA HIGH SCHOOL, OAHU."

The purpose of this bill is for an appropriation for planning and reconstruction for the fire-damaged multi-purpose building at Kailua High School, Oahu.

H.B. No. 956 entitled: "MAKING AN APPROPRIATION FOR THE PLANNING, DESIGN, AND CONSTRUCTION FOR A SWIMMING POOL FOR CASTLE HIGH SCHOOL, OAHU."

The purpose of this bill is for an appropriation for the planning, design, and construction for a swimming pool for Castle High School, Oahu.

H.B. No. 958 entitled: "MAKING AN APPROPRIATION FOR SECURITY FENCES FOR CASTLE HIGH SCHOOL, OAHU."

The purpose of this bill is for an appropriation for security fences for Castle High School, Oahu.

H.B. No. 1049 entitled: "MAKING AN APPROPRIATION FOR THE WAIMEA ELEMENTARY AND INTERMEDIATE SCHOOL TEACHER HOUSING COTTAGE."

The purpose of this bill is for plans and improvements to the grounds and facilities of the teacher housing cottage at Waimea Elementary School, South Kohala, Hawaii.

H.B. No. 1059 entitled: "MAKING AN APPROPRIATION FOR CAPITAL IMPROVEMENT PROJECTS IN THE TWENTIETH DISTRICT."

The purpose of this bill is for an appropriation for capital improvement projects in the Twentieth District at schools and highways.

H.B. No. 1077 entitled: "MAKING AN APPROPRIATION FOR VARIOUS SCHOOL PROJECTS, MAUI SCHOOL DISTRICT."

The purpose of this bill is for an appropriation for plans and construction of various school projects in the Maui School District.

H.B. No. 1079 entitled: "MAKING AN APPROPRIATION FOR IMPROVEMENTS TO TEACHER HOUSING IN MAUI SCHOOL DISTRICT."

The purpose of this bill is for an appropriation for improvements to teacher housing facilities located in the Maui School District.

H.B. No. 1086 entitled: "MAKING AN APPROPRIATION FOR THE PLANNING AND CONSTRUCTION OF A BAND ROOM AT LIHIKAI ELEMENTARY SCHOOL, KAHULUI, MAUI."

The purpose of this bill is for an appropriation for the planning and construction of a band room for Lihikai Elementary School.

H.B. No. 1202 entitled: "MAKING APPROPRIATIONS FOR CAPITAL IMPROVEMENT PROJECTS IN THE THIRTEENTH REPRESENTATIVE DISTRICT."

The purpose of this bill is for an appropriation for improvements and repair of Roosevelt High School, Manoa Elementary and Stevenson Intermediate School.

H.B. No. 1203 entitled: "MAKING AN APPROPRIATION FOR DESIGN, PLANS, AND CONSTRUCTION TO SOUND PROOF ROOSEVELT HIGH SCHOOL GYMNASIUM, OAHU."

The purpose of this bill is for the designing, planning, and construction to sound

proof Roosevelt High School Gymnasium .

H.B. No. 1204 entitled: "MAKING AN APPROPRIATION FOR PLANS AND CONSTRUCTION TO RENOVATE MANOA LIBRARY, OAHU."

The purpose of this bill is for an appropriation for plans and construction to renovate Manoa Library, Oahu.

H.B. No. 1230 entitled: "MAKING APPROPRIATIONS FOR CAPITAL IMPROVEMENT PROJECTS IN THE SIXTH REPRESENTATIVE DISTRICT, MAUI, HAWAII."

The purpose of this bill is for an appropriation for capital improvement projects in the Sixth Representative District, Maui.

H.B. No. 1238 entitled: "MAKING AN APPROPRIATION FOR IMPROVEMENT TO KAILUA HIGH SCHOOL, KAILUA, OAHU."

The purpose of this bill is for an appropriation for improvements to Kailua High School, Kailua, Oahu.

H.B. No. 1240 entitled: "MAKING APPROPRIATIONS FOR IMPROVEMENTS IN THE 26TH REPRESENTATIVE DISTRICT."

The purpose of this bill is for an appropriation for improvements in the 26th Representative District.

H.B. No. 1245 entitled: "MAKING AN APPROPRIATION FOR WAIALUA HIGH AND INTERMEDIATE SCHOOL, OAHU."

The purpose of this bill is for an appropriation for Waialua High and Intermediate School.

H.B. No. 1304 entitled: "MAKING AN APPROPRIATION FOR RENOVATION TO THE CAFETERIA AT LIHOLIHO ELEMENTARY SCHOOL, OAHU."

The purpose of this bill is for an appropriation for renovation to the cafeteria at Liholiho Elementary School, Oahu.

H.B. No. 1305 entitled: "MAKING AN APPROPRIATION FOR PLANS AND CONSTRUCTION OF A CHAIN LINK FENCE AT WAIALAE ELEMENTARY SCHOOL, OAHU."

The purpose of this bill is for an appropriation for plans and construction of a chain link fence at Waialae Elementary School, Oahu.

H.B. No. 1306 entitled: "MAKING AN APPROPRIATION FOR WAIKIKI ELEMENTARY SCHOOL, OAHU."

The purpose of this bill is for an appropriation for Waikiki Elementary School, Oahu.

H.B. No. 1307 entitled: "MAKING AN APPROPRIATION FOR IMPROVEMENTS TO THE SWIMMING POOL AT KAIMUKI HIGH SCHOOL, OAHU."

The purpose of this bill is for capital improvement projects for the swimming pool at Kaimuki High School, Oahu.

H.B. No. 1324 entitled: "MAKING AN APPROPRIATION FOR CAPITAL IMPROVEMENT PROJECTS FOR THE 19TH REPRESENTATIVE DISTRICT."

The purpose of this bill is for capital improvement projects for the 19th Representative District.

H.B. No. 1325 entitled: "MAKING AN APPROPRIATION FOR CAPITAL IMPROVEMENT PROJECTS FOR THE 19TH REPRESENTATIVE DISTRICT."

The purpose of this bill is for capital improvements for Pearl City High, Waimalu Elementary, Waiau II Elementary, Momilani Elementary, and Highlands Intermediate School.

H.B. No. 1344 entitled: "MAKING AN APPROPRIATION FOR KAILUA HIGH SCHOOL, KAILUA, OAHU."

The purpose of this bill is for an appropriation for Kailua High School, Oahu.

H.B. No. 1345 entitled: "MAKING APPROPRIATIONS FOR CAPITAL IMPROVEMENT PROJECTS IN THE TWENTY-FIFTH REPRESENTATIVE DISTRICT OF OAHU."

The purpose of this bill is for an appropriation for capital improvement projects at various schools in the Twenty-Fifth Representative District.

H.B. No. 1346 entitled: "MAKING APPROPRIATIONS FOR CAPITAL IMPROVEMENT PROJECTS IN THE TWENTY-FIFTH REPRESENTATIVE DISTRICT OF OAHU."

The purpose of this bill is for an appropriation for capital improvement projects in the Twenty-Fifth Representative District of Oahu.

H.B. No. 1348 entitled: "MAKING AN APPROPRIATION FOR CAPITAL IMPROVEMENT PROJECTS IN THE SEVENTH REPRESENTATIVE DISTRICT, HAWAII."

The purpose of this bill is for an appropriation for capital improvement projects in the Seventh Representative District.

H.B. No. 1349 entitled: "MAKING AN APPROPRIATION FOR THE SEVENTH REPRESENTATIVE DISTRICT."

The purpose of this bill is for an appropriation for the Seventh Representative District.

H.B. 1409 entitled: "MAKING AN APPROPRIATION FOR REPAIRS AND MAINTENANCE OF PUBLIC SCHOOLS."

The purpose of this bill is for an appropriation for repairs and maintenance of public schools throughout the State of Hawaii.

H.B. No. 1410 entitled: "MAKING AN APPROPRIATION FOR REPAIRS AND MAINTENANCE OF PUBLIC SCHOOLS."

The purpose of this bill is for an appropriation for making repairs and maintenance of public schools.

H.B. No. 1443 entitled: "MAKING AN APPROPRIATION FOR TEACHER'S COTTAGES IN HAWAII COUNTY."

The purpose of this bill is for an appropriation for teacher's cottages in Hawaii.

H.B. No. 1477 entitled: "MAKING AN APPROPRIATION FOR CAPITAL IMPROVEMENT PROJECTS IN THE 21ST REPRESENTATIVE DISTRICT, OAHU."

The purpose of this bill is for an appropriation for capital improvement projects in the 21st Representative District.

H.B. No. 1479 entitled: "MAKING AN APPROPRIATION FOR CAPITAL IMPROVEMENT PROJECTS IN THE 21ST REPRESENTATIVE DISTRICT, OAHU."

The purpose of this bill is for an appropriation for planning and installation of security lights, screens and fencing at Ilima Elementary School, Ewa.

H.B. No. 1486 entitled: "MAKING AN APPROPRIATION FOR CAPITAL IMPROVEMENT PROJECTS IN THE 21ST REPRESENTATIVE DISTRICT, OAHU."

The purpose of this bill is for an appropriation for the planning and installation of security window screens for the library and administration building at Mauka Lani Elementary School, Makakilo.

H.B. No. 1491 entitled: "MAKING AN APPROPRIATION FOR CAPITAL IMPROVEMENT PROJECTS IN THE 21ST REPRESENTATIVE DISTRICT, OAHU."

The purpose of this bill is for an appropriation for plans, construction and installation of security lights at at Mauka Lani Elementary School, Makakilo.

H.B. No. 1502 entitled: "RELATING TO CAPITAL IMPROVEMENT PROJECTS IN THE TWELFTH DISTRICT."

The purpose of this bill is for an appropriation for the planning and installation of carpeting in meeting room, staircase, and storywell of the McCully Moiliili Library.

H.B. No. 1541 entitled: "MAKING AN APPROPRIATION FOR CAPITAL IMPROVEMENT PROJECTS AT LANAKILA ELEMENTARY SCHOOL."

The purpose of this bill is for an appropriation for certain improvements at Lanakila School.

H.B. No. 1542 entitled: "MAKING AN APPROPRIATION FOR IMPROVEMENT AND RENOVATIONS AT KAPALAMA SCHOOL."

The purpose of this bill is for an appropriation for renovations at Kapalama School.

H.B. No. 1543 entitled: "MAKING AN APPROPRIATION FOR IMPROVEMENTS AT KALIHI-WAENA SCHOOL, OAHU."

The purpose of this bill is for an appropriation for improvements at Kalihi-Waena School, Oahu.

H.B. No. 1544 entitled: "MAKING AN APPROPRIATION FOR CAPITAL IMPROVEMENT PROJECTS AT KALIHI UKA ELEMENTARY SCHOOL."

The purpose of this bill is for an appropriation for improvement projects at Kalihi Uka Elementary School.

H.B. No. 1545 entitled: "MAKING AN APPROPRIATION FOR CAPITAL IMPROVEMENT PROJECTS AT KALIHI ELEMENTARY SCHOOL."

The purpose of this bill is for an appropriation for various improvements at Kalihi Elementary School.

H.B. No. 1546 entitled: "MAKING AN APPROPRIATION FOR IMPROVEMENTS AND RENOVATIONS AT KAEWAI ELEMENTARY SCHOOL."

The purpose of this bill is for an appropriation for improvements at Kaewai Elementary School.

H.B. No. 1547 entitled: "MAKING AN APPROPRIATION FOR CAPITAL IMPROVEMENT PROJECTS AT FARRINGTON HIGH SCHOOL."

The purpose of this bill is for an appropriation for improvements at Farrington High School.

H.B. No. 1548 entitled: "MAKING AN APPROPRIATION FOR CAPITAL IMPROVEMENT PROJECTS AT DOLE INTERMEDIATE SCHOOL."

The purpose of this bill is for an appropriation for various improvements at Dole Intermediate School.

H.B. No. 1550 entitled: "MAKING AN APPROPRIATION FOR CENTRAL OAHU SCHOOLS."

The purpose of this bill is for an appropriation for a chain link fence at Haleiwa Elementary and paved parking area at Leilehua High School.

H.B. No. 1592 entitled: "MAKING AN APPROPRIATION FOR PLANS AND CONSTRUCTION OF A THREE CLASSROOM BUILDING AT WAIHEE SCHOOL, MAUI SCHOOL DISTRICT."

The purpose of this bill is for an appropriation for plans and construction of a three classroom building at Waihee School, Maui School District.

H.B. No. 1593 entitled: "MAKING AN APPROPRIATION TO PROVIDE FOR HANA HIGH AND ELEMENTARY SCHOOL GYMNASIUM, MAUI."

The purpose of this bill is for an appropriation for providing Hana High and Elementary School Gymnasium, Maui.

H.B. No. 1697 entitled: "MAKING APPROPRIATION FOR CAPITAL IMPROVEMENT PROJECTS IN THE SIXTEENTH REPRESENTATIVE DISTRICT OF OAHU."

The purpose of this bill is for an appropriation for capital improvement projects in the 16th Representative District.

H.B. No. 1732 entitled: "MAKING AN APPROPRIATION FOR SITE DEVELOPMENT, DESIGNS, PLANS, CONSTRUCTION, AND EQUIPMENT FOR BUILDINGS, IMPROVEMENTS AND FACILITIES FOR SCHOOLS IN THE SEVENTEENTH REPRESENTATIVE DISTRICT."

The purpose of this bill is for an appropriation for site development, designs, plans, construction and equipment for buildings.

Your Committee on Education is in accord with the intent and purposes of H.B. No.'s 194, 260, 268, 473, 497, 571, 630, 657, 681, 806, 807, 808, 809, 836, 839, 840, 841, 842, 845, 846, 847, 848, 849, 853, 854, 877, 888, 910, 912, 953, 954, 956, 958, 1049, 1059, 1077, 1079, 1086, 1202, 1203, 1204, 1230, 1238, 1240, 1245, 1304, 1305, 1306, 1307, 1324, 1325, 1344, 1345, 1346, 1348, 1349, 1409, 1410, 1443, 1477, 1479, 1486, 1491, 1502, 1541, 1542, 1543, 1544, 1545, 1546, 1547, 1548, 1550, 1592, 1593, 1697, and 1732 and recommends that they pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 316 Transportation on H.B. No. 649

The purpose of this bill is to appropriate funds for the County of Hawaii to improve and expand land transportation programs and services for the low income disadvantaged and handicapped persons.

There is appropriated out of the highway special revenue fund of the State of Hawaii, the sum of \$119,000 to improve and expand land surface transportation programs and services for the low income disadvantaged and handicapped persons residing in the County of Hawaii. The sum appropriated shall be expended for the purpose herein specified by the County of Hawaii.

Your Committee has amended Section 1 of this bill by changing the funding source from general revenues to highway special fund revenues.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 649, as amended herein, and recommends that this House bill pass Second Reading in the form attached hereto as H.B. No. 649, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 317 Transportation on H.B. No. 889

The purpose of this bill is to appropriate funds for a study of Lighter-Than-Air vehicles.

Your Committee notes that according to the Department of Planning and Economic Development (DPED), studies for transportation vehicles and systems for interisland service have been primarily the responsibility of the Department of Transportation (DOT). Your Committee agrees with DPED and recommends that DOT play the lead role in the study in conjunction with DPED, and that the appropriated funds be expended by DOT and shall lapse on June 30, 1982.

Your Committee has amended Section 1 of this bill by changing the funding source from general revenues to the airport special revenue funds.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 889, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 889, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 318 Transportation on H.B. No. 880

The purpose of this bill is to appropriate \$2,190,000 for road and other improvements in the County of Hawaii. Your Committee supports this appropriation.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 880 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 319 Transportation on H.B. No. 1143

The purpose of this bill is to specify the membership of the Metropolitan Planning Organization (MPO), their functions, the functions of the MPO chairman and the date and time that meetings are to be held.

Under present law the MPO policy committee consists of 19 members: nine members from the legislative and executive bodies of the appropriate County; five members of the State Senate who are residents of the County and who are appointed by the Senate President; and five members of the State House of Representatives who are residents of the County and who are appointed by the Speaker of the House.

Presently, the chairperson places on the agenda for full hearing, any issue or project of subsequent matter relating to transportation which is requested by at least five members. Presently seven State members and five City members are necessary when decisions are made concerning input to any advisory plans or procedures, and the decision must be made by a majority vote of the entire membership of the MPO.

Your Committee has adopted the recommendations of the Oahu Metropolitan Planning Organization by amending Section 1 of the Act to establish an executive committee, selected from the MPO policy committee, made up of seven members. These members include: three members of the appropriate County; two members of the State Senate; and two members of the State House of Representatives.

Section 2 has been amended by adding that the chairperson of the MPO policy committee will also serve as chairperson of the executive committee. It has been further amended to state that the chairperson shall place on the agenda for hearing any issue which is requested by at least two (not five) members of the MPO policy committee.

Section 3 has been amended to reflect that the policy committee shall meet as called to review and approve the final MPO Overall Work Program, OWP; the Transportation Systems Management Element, TSME; the Transportation Improvement Program, TIP; the MPO annual budget; as well as to validate the executive committee's actions of the past year.

Section 3 has also been amended to allow telephone votes by MPO members provided that subsequent signed validations are submitted. A requirement that the MPO executive committee shall meet no less than twice a quarter has been added. The paragraph regarding decision making has been changed to reflect that the MPO executive committee is being referred to.

Section 4 has been added, which adds a new portion, Section 279E-8 entitled General Provision and states that the provisions of this Act shall prevail wherever there is an inconsistent ordinance or agreement.

Section 5, the existing Section 279E-8 Clearinghouse Agency is renumbered to Section 279E-9.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 1143, as amended herein, and recommends that it pass Second Reading in the form attached hereto, as H.B. No. 1143, H.D. 1 and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 320 Transportation on H.B. No. 448

The purpose of this Act is to appropriate \$4,000,000 for land acquisition and construction to complete the widening and improvement of Kuhio Avenue, from Kaiulani Avenue to Kapahulu Avenue.

Testimony by the County Department of Transportation Services is in support of this measure stated that only one parcel of land remains to be acquired and six buildings

modified to complete the Kuhio Avenue widening project. Although, Kuhio Avenue is a major transportation arterial in Waikiki, Kuhio Avenue between Kaiulani to Kapahulu remains a narrow two lane road with dirt shoulders. This bottleneck restricts the flow of both vehicular and pedestrian traffic and completion of this project will remedy this situation.

Your Committee firmly believes that widening of Kuhio Avenue is a priority project which the City should complete without delay. Your Committee recommends appropriating these funds with the understanding that completion of this project by the City will commence as soon as these funds are available. Your Committee requests the House Committee on Finance to determine if the City and County of Honolulu is able to contribute up to half of the cost of completing this project. If the Committee on Finance determines that the City is capable of and should participate in funding this project, the Committee on Transportation concurs with such an amendment. Your Committee has amended Section 1 of this bill to change the source of funding from general revenues to highway special fund revenues.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 448, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 448, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 321 Transportation on H.B. No. 463

The purpose of this bill is to appropriate funds for capital improvements in the Third Representative District.

Your Committee notes that the Department of Transportation has testified that Items 1, 2, 3, and 4 under Section 1 are presently part of the department's CIP program and should be deleted from this bill. The estimated cost of Item 5, Section 1, according to the Department of Transportation's testimony should be increased from \$100,000 to \$211,000. Your Committee has amended Section 1, to delete Items 1, 2, 3, and 4, to increase the appropriation for Item 5 and to change the source of funds from general fund revenues to highway fund revenues.

Your Committee has amended Section 1, of this Act to read as follows:

"SECTION 1. There is appropriated out of the highway special fund revenues of the State of Hawaii the sum of \$211,000, or so much thereof as may be necessary for the following project:

1. New Culvert, Kohala, Hawaii - (Plans, design, and construction of a new culvert in Kohala, Hawaii.)

The sum appropriated shall be expended by the department of transportation for the purpose of this Act."

Your Committee recommends that the entire Section 2, be deleted as no testimony has been presented to the Committee on Transportation to support appropriating the requested amounts.

Your Committee has amended Section 4 of this bill to provide a June 30, 1981 lapsing date for appropriations contained in this bill.

For the purposes of consistency, your Committee also recommends that (a) Section 1, Item 5 be changed to Item 1, and (b) Sections 3, 4, and 5 be changed to 2, 3, and 4.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 463, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 463, H.D. 1.

Signed by all members of the Committee.

SCRep. 322 Transportation on H.B. No. 684

The purpose of this bill is to amend Section 261-6, Hawaii Revised Statutes by stating

that the annual sum of \$75,000 is granted from the airport revenue fund to carry on the operations and defray the expenses of the Hawaii Wing, Civil Air Patrol; provided that not less than \$3,000 shall be allocated to each Civil Air Patrol unit.

Your Committee has amended Section 1 of this bill by revising the annual sum amount granted from the airport revenue fund from \$75,000 to \$100,000.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 684 as amended herein, and recommends that this House bill pass Second Reading in the form attached hereto as H.B. No. 684, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 323 Transportation on H.B. No. 739

The purpose of this bill is to establish specific legislative authorization and temporary funding for State highway clearing accounts.

Your Committee notes that the Land Transportation Facilities Division operates (3) three major reimburseable clearing accounts. The accounts were set up to accumulate and redistribute payroll costs, fringe benefits costs, and indirect construction related expenses to proper appropriations accounts.

The Department of Transportation seeks legislative enactment of this bill to formalize the accounting methods, in an effort to eliminate misunderstanding and questions as to the legality of the accounts.

Your Committee on Transportation is in accord with the intent and purpose of H.B. 739 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 324 Transportation on H.B. No. 740

The purpose of this Act is to amend Section 248-9 of the Hawaii Revised Statutes regarding how moneys in the state highway fund are to be expended and to repeal Section 248-11, Hawaii Revised Statutes, on expenditures for motor vehicle controls and regulations.

Your Committee notes that according to the Department of Transportation, the priorities for expending state highway fund moneys, listed in Section 248-9, are for the most part outdated. Payments of interest on the principals of county and highway revenue bonds are no longer required since all of the county bonds have matured and the highway revenue bonds were refunded in 1967 with proceeds from general obligation refunding bonds issued in 1963.

In addition, the section on new construction expenditures were distributed according to the amount of fuel tax collected in that county as compared to the total collected for all the counties, is no longer in effect since Act 75, SLH 1961 provides that all capital improvement projects require authorization by the legislature and the Governor.

The Department of Transportation also testified that Section 248-11 is no longer needed as it provides state highway funds to support the interdepartmental transportation control commission which was abolished by Act 179, SLH 1975.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 740 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 325 Transportation on H.B. No. 802

The purpose of this bill is to provide for truck and motor vehicle weight scales.

Your Committee notes that the Department of Transportation (DOT), is in support

of this bill and agrees with DOT that funds be appropriated to conduct studies of sites, equipment, and staffing requirements and to prepare estimates of capital and operating costs.

Your Committee has amended Section 3 of this bill by inserting an appropriation of \$1 and recommends that the Committee on Finance determine the actual amount of appropriation for truck and motor vehicle weight scales.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 802 as amended herein, and recommend that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 802, H.D. 1.

Signed by all members of the Committee.

SCRep. 326 Transportation on H.B. No. 876

The purpose of this bill is to appropriate \$3 million in general obligation bonds for plans and construction of air cargo facilities, improvements to the general aviation area and airfield improvements at Keahole Airport, Hawaii.

Department of Transportation testimony stated that \$3.5 million, rather than \$3 million, in reimbursable general obligation bonds would be needed for necessary improvements at Keahole Airport. Your Committee has amended Section 1 of this measure to provide the additional \$500,000 required and to change the source of funding from general revenues to airline special fund revenues.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 876, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 876, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 327 Transportation on H.B. No. 1048

The purpose of this bill is to appropriate \$50,000 for the design and construction of pier and support facilities at Kawaihae Harbor, South Kohala, County of Hawaii. Your Committee agrees with Department of Transportation testimony that Kawaihae Harbor facilities should be able to accommodate and handle modern cargo movement systems. The monies appropriated by this bill may also be utilized for design and environmental impact studies to modernize Kawaihae Harbor.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 1048 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 328 Transportation on H.B. No. 616

The purpose of this Act is to abolish the revolving fund known as the Highway Supplies and Equipment account.

The Land Transportation Facilities Division of the Department of Transportation (DOT) no longer needs to maintain or use the Highway Supplies and Equipment account. This account was created by Act 48, SLH 1943. Under this law all monies received from the United States Government for use or rental of materials, supplies, and equipment owned by the department on federal-aid highway projects were deposited into this fund and expended by Department of Transportation for purchasing materials, supplies, and equipment on highway projects.

In 1951, a fund was created for state highways into which all monies received by the DOT from the federal highway administration were placed. The purpose of these monies was to serve as reimbursement of federal share of costs incurred on federal aid highway projects. The monies were treated as revenues and were deposited as such into the federal aid account in the state highway fund.

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

No. 616 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 329 Transportation on H.B. No. 254

The purpose of this bill is to appropriate funds to improve Hana Highway from Huelo to Hana.

Your Committee notes that the Department of Transportation has testified that construction of improvements to Hana Highway from Huelo to Hana is currently part of the Department's Capital Improvements Program. According to the Department of Transportation, \$640,000 for FY 1979-80 and \$640,000 for FY 1980-81 will be sufficient to complete these improvements. Your Committee is in agreement with the department that all funds for this project shall be expended by June 30, 1981.

Your Committee has amended Section 1 of this bill to read as follows:

"SECTION 1. There is appropriated out of the highway special fund revenues of the State of Hawaii the sum of \$1.28 million, or so much thereof as may be necessary, for improving of Hana Highway from Huelo to Hana."

Your Committee has also amended Section 2 of this bill to include the expending agency and the date by which the funds shall lapse. Your Committee has also amended Section 2 to provide that any unexpended or unencumbered balance of any appropriation made by this bill shall lapse into the highway special fund rather than the general fund. Such amendment to read as follows:

"SECTION 2. The sum appropriated shall be expended by the department of transportation. Any unexpended or unencumbered balance of any appropriation made by this Act as of the close of business on June 30, 1981 shall lapse into the highway special fund."

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 254, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 254, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 330 Transportation on H.B. No. 640

The purpose of this bill is to amend the use tax and public service companies tax laws to provide for equal treatment for interisland passenger and freight carriers.

Your Committee notes that according to Hawaiian Airlines, interisland transportation between the Islands, whether air or surface, is vital to the State for continued growth and development. This bill will provide equal treatment under the Use Tax Law for interisland air carriers and ocean going vehicles operating within the State for use as a public utility.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 640 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 331 Transportation on H.B. Nos. 555, 874, 875, 907, 1083, 1243,
1420, 1441, 1480, 1485, 1489, 1549, 1597 and 1599

The purposes of these bills, relevant committee discussions, and any amendments are set forth below.

The purpose of H.B. No. 555, entitled "A BILL FOR AN ACT RELATING TO THE COMPLETION OF PHASES III AND IV OF HONOAPIILANI HIGHWAY", is to appropriate funds to complete Phases III and IV of Honoapiilani Highway, Maui. Your Committee agrees with the Department of Transportation (DOT) that \$4,700,000 be appropriated for this

purpose. Your Committee has amended Section 1 of this bill by inserting this amount and change the funding source from general revenues to highway special fund revenues.

The purpose of H.B. No. 874, entitled "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR A GRANT-IN-AID TO THE CITY AND COUNTY OF HONOLULU FOR IMPROVEMENTS TO GOVERNMENT ROADS IN WAIANAЕ", is to appropriate \$475,000 for resurfacing, reconstructing, street lighting and other improvements to Kuwale Road, Lualualei Homestead Road, Maililili Road, Puhawai Road, Puuhulu Road, Halona Road and Hakimo Road in Waianae. Your Committee agrees with the City and County of Honolulu, Department of Public Works that these funds should be appropriated and has also amended Section 2 to change the source of funds from general revenues to highway special fund revenues.

The purpose of H.B. No. 875, entitled "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR THE REALIGNMENT OF KUAKINI HIGHWAY, HAWAII", is to appropriate \$1,870,000 for plans, land acquisition and construction for the realignment of that portion of Kuakini Highway which connects to the Queen Kaahumanu Highway in Kona, Hawaii. Your Committee agrees with the DOT that this amount should be used for land acquisition and has also amended Section 1 of this bill to provide that highway special fund revenues shall be used for this purpose.

The purpose of H.B. No. 907, entitled "A BILL FOR AN ACT MAKING AN APPROPRIATION TO PROVIDE FOR THE CONSTRUCTION OF SIDEWALKS AND STREET LIGHTING ALONG KAHULUI BEACH ROAD, COUNTY OF MAUI", is to appropriate funds for the construction of sidewalks and street lighting along Kahului Beach Road, County of Maui. Your Committee agrees with the DOT that \$100,000 should be appropriated for plans and design to improve Kahului Beach Road. Your Committee has amended Section 1 of this bill to insert said amount and change the funding source from general revenues to highway special fund revenues.

The purpose of H.B. No. 1083, entitled "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR PLANS AND CONSTRUCTION OF SIDEWALK AT HANA HIGHWAY, LOWER PAIA, COUNTY OF MAUI", is to appropriate \$55,000 for plans and construction of a sidewalk at Hana Highway, lower Paia, County of Maui. Your Committee notes that according to DOT, the Maui County Council, Paia Senior Citizens Group, Paia Community Association, and the Planning and Coordinating Council of Maui Economic Opportunity, Inc. have expressed interest in this project. Your Committee supports this appropriation and has amended Section 1 of this bill to change the funding source from general revenues to highway special fund revenues.

The purpose of H.B. No. 1243, entitled "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR IMPROVEMENT OF ROAD FRONTING KAHUKU HIGH SCHOOL, KAHUKU, OAHU", is to appropriate \$40,000 for pavement of the shoulder of Kamehameha Highway fronting all of Kahuku High School to facilitate bus loading and unloading. Your Committee agrees with the DOT that \$110,000 should be appropriated to provide for shoulders on both sides of Kamehameha Highway, fronting Kahuku High School. Your Committee has amended Section 1 of this bill to insert said amount and change the funding source from general revenues to highway special fund revenues.

The purpose of H.B. No. 1420, entitled "A BILL FOR AN ACT RELATING TO CAPITAL IMPROVEMENT APPROPRIATIONS FOR THE COUNTY OF KAUAI", is to appropriate \$250,000 for the realignment of Nawiliwili Road as it intersects Kaunualii Highway. Your Committee agrees with the DOT that the \$250,000 appropriated should be used for plans, design, and land acquisition and has amended Section 1 of this bill to provide for these purposes and to change the source of funding from general revenues to highway special fund revenues.

The purpose of H.B. No. 1441, entitled "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR INTERSECTION IMPROVEMENT AT PLUMERIA ROAD, HAWAII BELT ROAD, HAWAII COUNTY", is to appropriate funds for intersection improvements at Plumeria Road, Hawaii Belt Road, Hawaii County. Your Committee agrees with the DOT that \$105,000 be appropriated for this purpose and has amended Section 1 of this bill to appropriate this sum and to change the source of funding from general revenues to highway special fund revenues.

The purpose of H.B. No. 1480, entitled "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR A GRANT-IN-AID TO THE CITY AND COUNTY OF HONOLULU FOR CAPITAL IMPROVEMENT PROJECTS IN THE 21ST REPRESENTATIVE DISTRICT, OAHU", is to appropriate \$20,000 for plans and installation of street lights on Kuwale Road and Lualualei Homestead Road, Waianae, Oahu. Your Committee supports this appropriation and has amended Section 1 of this bill to change the source of funding from general revenues to highway

special fund revenues.

The purpose of H.B. No. 1485, entitled "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR CAPITAL IMPROVEMENT PROJECTS IN THE 21ST REPRESENTATIVE DISTRICT, OAHU", is to appropriate \$15,000 for plans and construction of a covered bus shelter and bus boarding area at Nanaikapono Elementary School, Nanakuli, Oahu. Your Committee supports this appropriation and has amended Section 1 of this bill to change the source of funding from general revenues to highway special fund revenues.

The purpose of H.B. No. 1489, entitled "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR CAPITAL IMPROVEMENT PROJECTS IN THE 21ST REPRESENTATIVE DISTRICT, OAHU", is to appropriate funds for supplemental plans and construction to improve Ft. Weaver Road. Your Committee agrees with the DOT that \$516,000 should be appropriated and has amended Section 1 of this bill to appropriate this sum and to change the source of funding from general revenues to highway special fund revenues.

The purpose of H.B. No. 1549, entitled "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR CAPITAL IMPROVEMENT PROJECTS IN THE 16TH REPRESENTATIVE DISTRICT, OAHU", is to appropriate funds to improve Likelike Highway and its intersections with Kalihi and North School Streets. Your Committee agrees with the DOT that item (1) appropriating \$50,000 for planning and construction for intersection improvements on Kalihi Street and Likelike Highway should be increased to \$100,000. Your Committee has amended Section 1 of this bill to increase the appropriation for item (1) from \$50,000 to \$100,000 and to change the source of funding from general revenues to highway special fund revenues.

The purpose of H.B. No. 1597, entitled "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR INCREMENTAL RESURFACING OF KAMEHAMEHA V HIGHWAY TOWARD EAST END, MOLOKAI", is to appropriate \$100,000 for incremental resurfacing of Kamehameha V Highway toward East End, Molokai. Your Committee agrees with the DOT that this sum should be used for road resurfacing from Kaluaaha Bridge towards Wailua Bridge and has amended Section 1 of this bill to change the source of funds from general revenues to highway special fund revenues.

The purpose of H.B. No. 1599, entitled "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR HIGHWAY PROJECT LOCATED IN THE COUNTY OF MAUI", is to appropriate \$4,622,000 for highway improvements in the County of Maui. Your Committee supports this appropriation and has amended Section 1 of this bill to change the source of funding from general revenues to highway special fund revenues.

Your Committee on Transportation is in accord with the intent and purpose of H.B. Nos. 555, 874, 875, 907, 1083, 1243, 1420, 1441, 1480, 1485, 1489, 1549, 1597, and 1599, as amended herein, and recommends that these House bills pass Second Reading in the form attached hereto as H.B. Nos. 555, H.D. 1; 874, H.D. 1; 875, H.D. 1; 907, H.D. 1; 1083, H.D. 1; 1243, H.D. 1; 1420, H.D. 1; 1441, H.D. 1; 1480, H.D. 1; 1485, H.D. 1; 1489, H.D. 1; 1549, H.D. 1; 1597, H.D. 1; and 1599, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 332

Transportation on H.B. No. 192

The purpose of this bill is to repeal \$4 Million appropriated through the Department of Transportation for a statewide interisland ferry system by amending Act 195, SLH 1975; Act 226, SLH 1976; and by repealing Chapter 268, Hawaii Revised Statutes.

Your Committee notes that the Department of Transportation and the Chamber of Commerce of Hawaii (CCH) is in agreement with this bill and that according to CCH, conclusions reached by a study on this matter done in 1975 are still valid and an interisland ferry system in Hawaii is not feasible nor is appropriation justified at this time.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 192 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 333 Transportation on H.B. No. 1645

The purpose of this bill is to extend to five years, the existing one-year limitation on the State's ability to make a claim in court for any deficiency on the disposal of abandoned vessels; to authorize the Department to collect all expenses incident to taking into custody and disposing an abandoned vessel; and to require that the proceeds derived from the sale of abandoned vessels to the extent of fees, charges and expenses due the department be deposited into the fund out of which the expenses incurred were paid. The balance of the proceeds of a sale which will continue to be deposited into the general fund, is forfeitable to the State after one year.

Your Committee notes that the Department of Transportation has requested a longer period in which to make a claim for deficiencies after sale of the abandoned vessel because often times the debtor cannot be found.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 1645 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 334 Transportation on H.B. No. 679

The purpose of this bill is to appropriate funds for transportation facilities and services in the 24th representative district.

Your Committee supports this bill and has amended Section 1 by inserting the appropriated sum of \$15,000 which shall be expended by the Department of Transportation and to change the source of funding from general revenues to highway special fund revenues.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 679, as amended herein, and recommends that this House bill pass Second Reading in the form attached hereto as H.B. No. 679, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 335 Education on H.B. No. 1551

The purpose of this bill is to exempt certain special funds of the Department of Education (the adult education, driver education, summer session, and Lahainaluna High School boarding special funds) from assessments or charges for "central service expenses" and "administrative expenses", as are presently required under the Hawaii Revised Statutes, Section 36-27 and 36-30, respectively.

The purpose of assessments are to make sure that all special fund programs pay for their fair share of administrative overhead costs. These charges would be proper if the program is totally a special fund operation with no State support. However, the Department of Education's (DOE) four special funds finance only a part of the total cost of the program. All the programs are already supported by the State general funds.

Your Committee has discovered that the DOE has not been able to pay for any of these assessments due to lack of funds. Also, the Governor's budget for the next biennium does not include additional general funds to cover the cost of such assessments. In order to cover these added expenses, the tuition charges will have to be increased. This will work a hardship on the students. The DOE feels that the better approach is to exempt the four special funds from the assessments.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 1551 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 336 Education on H.B. No. 820

The purpose of this bill is to provide \$1,816,617 for the fiscal biennium 1979-81 for the implementation of an intensive basic skills program to be administered by the Department of Education.

The Department of Education testified in strong support of the bill. The purpose of the intensive basic skills program is to intensify the Department's instructional efforts to get the low achieving students to master the basic skills of reading, writing, speaking, and computing as part of the Department's total effort to assure mastery of basic skills of all students. The Department reported that appropriation of funds for this program would enable them to provide direct services to an estimated 6,042 students for the fiscal biennium 1979-81, i.e., specifically, to an estimated 3,081 students for fiscal year 1979-80 and to an estimated 2,961 students for fiscal year 1980-81.

Your Committee on Education is in accord with the intent and purpose of H.B. 820, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Kawakami.

SCRep. 337 Education on H.B. No. 824

The purpose of this bill is to appropriate the sum of \$3,159,280 for fiscal biennium 1979-81 to provide for additional supplies, equipment, and services that will benefit students and improve instructional programs in the schools. The funds for this program will be allocated to all regular schools on the basis of \$2,000 for each elementary school, \$3,000 for each intermediate school, and \$4,000 for each high school, plus an additional \$6 per pupil.

According to the Department of Education all public, regular schools have expressed support to continue this special needs program, since this program is well utilized by schools to improve instructional and instruction related services. The department also testified that the Superintendent of Education and the Board of Education strongly supports the continued funding for a special needs program.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 824, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Kawakami.

SCRep. 338 Youth and Elderly Affairs on H.B. No. 709

The purpose of this bill is to appropriate \$78,000 to be expended by the Department of Budget and Finance for the renovation and restoration of the cottage at the Honokaa Civic Center, Hawaii, for State offices.

The date when any unexpended or unencumbered balance of the appropriation shall lapse has been left to the discretion of the Committee on Finance.

Your Committee on Youth and Elderly Affairs is in accord with the intent and purpose of H.B. No. 709 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 339 Youth and Elderly Affairs on H.B. No. 1492

The purpose of this bill is to appropriate \$150,000 for the planning and construction of a senior citizens multi-purpose congregate dining site at the Waianae Regional Park Complex Gymnasium. The bill requires the City and County of Honolulu to provide funds to match State expenditures and designates the City and County of Honolulu as the expending entity.

Your Committee on Youth and Elderly Affairs is in accord with the intent and purpose of H.B. No. 1492 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 340 Youth and Elderly Affairs on H.B. No. 1535

The purpose of this bill is to appropriate \$29,000 to be administered by the Progressive Neighborhoods Program and to be expended to continue or strengthen the services provided by the youth and elderly programs of the Kalihi-Palama Community Service Center.

Your Committee on Youth and Elderly Affairs is in accord with the intent and purpose of H.B. No. 1535 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 341 Youth and Elderly Affairs on H.B. No. 1598

The purpose of this bill is to appropriate \$200,000 to be expended by the County of Maui 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. 1598 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 342 Youth and Elderly Affairs on H.B. No. 1627

The purpose of this bill is to correct certain ambiguities and possible inconsistencies or inadequacies in Chapter 349, Hawaii Revised Statutes.

Specifically, the bill provides for amending the following provisions of Chapter 349, Hawaii Revised Statutes:

- (a) Section 349-2 by clarifying the salary status of the director of the executive office on aging by specifying that the director's salary shall be equivalent to second deputies or second assistants to department heads rather than a fixed amount;
- (b) Section 349-4 by specifying certain responsibilities of the Policy Advisory Board for Elderly Affairs;
- (c) Section 349-4 by increasing the maximum membership of the Policy Advisory Board for Elderly Affairs from twenty-seven to twenty-nine members;
- (d) Section 349-4 by increasing the ex-officio membership of the Policy Advisory Board for Elderly Affairs from seven to nine;
- (e) Section 349-9 by authorizing counties to establish county offices on aging and county councils on aging pursuant to the Older Americans Act of 1965, as amended;
- (f) Section 349-10 by shifting the permission to hold an annual senior citizen's fair in each county from the policy council for elderly affairs to the respective County.

Sections 3 and 4, Act 217, Session Laws of Hawaii are amended to clarify that the functions and programs of the county committees on aging are transferred to the Counties rather than "county offices and county councils".

Your Committee on Youth and Elderly Affairs is in accord with the intent and purpose of H.B. No. 1627 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 343 Youth and Elderly Affairs on H.B. No. 1361

The purpose of this bill is to provide an increase in excise tax credits which may be claimed by low-income persons as a means of partially offsetting cost of living increases. The State Department of Taxation testified that it does not object to the enactment of this bill.

Your Committee has amended the bill by reducing the proposed increase to twenty percent (20%).

Your Committee on Youth and Elderly Affairs is in accord with the intent and purpose of H.B. No. 1361, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1361, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 344 Youth and Elderly Affairs on H.B. No. 1423

The purpose of this bill is to appropriate funds to be administered by the Department of Social Services and Housing in support of the Hale Opio youth shelter program during the fiscal year 1979-80.

The bill has been amended by your Committee to specify \$20,000 as the amount of the appropriation for fiscal year 1979-80.

Your Committee on Youth and Elderly Affairs is in accord with the intent and purpose of H.B. No. 1423, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1423, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 345 Youth and Elderly Affairs on H.B. No. 625

The purpose of this bill is to appropriate \$44,000 to be expended by the Department of Accounting and General Services to complete repairs and renovations to the Hawaii State Senior Center. The Department of Accounting and General Services has determined the repairs and renovations necessary for maintaining the facility and the amount of the appropriation is based on its cost estimates.

Your Committee has amended H.B. No. 625 to specify the amount to be appropriated and to designate the Department of Accounting and General Services as the expending agency.

Your Committee on Youth and Elderly Affairs is in accord with the intent and purpose of H.B. No. 625, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 625, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 346 Youth and Elderly Affairs on H.B. No. 1522

The purpose of this bill is to appropriate \$20,000 to be expended by the Department of Accounting and General Services to make repairs to the facility occupied by the Waimanalo Community Services Center necessary to correct deficiencies cited under Occupational Safety and Health Agency standards.

Your Committee has amended the bill to specify the amount to be appropriated. The date when any unexpended or unencumbered balance of the appropriation shall lapse into the general fund has been left to the discretion of the Committee on Finance.

Your Committee on Youth and Elderly Affairs is in accord with the intent and purpose of H.B. No. 1522, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1522, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 347 Youth and Elderly Affairs on H.B. No. 1524

The purpose of this bill is to appropriate \$25,000 to be expended by the Department

of Accounting and General Services for site selection and plans for construction of a Community Multi-Purpose Center at Waimanalo, Oahu.

Your Committee has amended the bill to specify the amount to be appropriated and to clarify that the appropriation is for site selection and plans and not the actual construction of the facility. The date when any unexpended or unencumbered balance of the appropriation shall lapse into the general fund has been left to the discretion of the Committee on Finance.

Your Committee on Youth and Elderly Affairs is in accord with the intent and purpose of H.B. No. 1524, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1524, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 348 Youth and Elderly Affairs and Public Assistance and Human
Services on H.B. No. 1265

The purpose of this bill is to provide a grant-in-aid of \$100,000 to be expended and administered by the Department of Social Services and Housing for the following child care centers and programs:

1. Family Services Center, Inc.
2. Kalihi YMCA - Play Plus
3. Waikiki Community Center
4. Operation Kokua
5. Project Keiki
6. The Children's Center, Inc.
7. Waianae Coast Day Care Centers
8. Windward Child Care Federation

The Department of Social Services and Housing reported to your Committees that the State is currently at the Title XX federal ceiling, and any additional general fund appropriations beyond what the Department of Social Services and Housing has budgeted cannot earn any more Title XX funds.

Your Committees find, however, that without additional funds the aforementioned child care centers will be forced to reduce services in several important program areas, particularly in the areas of health, social services, and food and nutrition. This problem becomes particularly acute during the months of July and August when reduction in enrollment levels result in further loss of revenue.

Your Committees have, therefore, amended this bill to provide for an appropriation of \$100,000 for the maintenance of the above mentioned and other necessary services during periods of low enrollment to be expended by the Department of Social Services and Housing and allocated among the programs according to the Department of Social Services and Housing's determination of each program's needs.

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. 1265, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1265, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees.

SCRep. 349 Youth and Elderly Affairs and Public Assistance and Human
Services on H.B. No. 1356

The purpose of this bill is to appropriate \$632,350, for the continued operation of existing programs, and the implementation of new programs for abused and neglected

children and their families in both the remedial and preventive area, and the continued operation of existing shelters for abused spouses and children.

Your Committees find that child and spouse abuse pose particularly serious problems to the State of Hawaii. In order to remedy these problems a wide range of services is necessary. Given the nature of these problems, especially with respect to their cyclical nature, preventive programs designed to stop abuse before it starts are vital. Your Committees find, therefore, that continuing attention and resources must be channeled into this area in order to maintain and improve the quality of services currently being provided.

Your Committees have amended this bill to provide for an additional appropriation of \$40,000 for the Kauai Family Crisis Center for the current biennium. As such, the total appropriation provided is amended to read \$632,350.

Your Committees on Youth and Elderly Affairs, and Public Assistance and Human Services are in accord with the intent and purpose of H.B. No. 1356, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1356, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees.

SCRep. 350 Finance on H.B. No. 1191

The purpose of this bill is to provide that any fee, gratification or other money received by a judge for performing marriages shall be deposited in the general fund of the state if such act took place in a state facility.

Your Committee finds that some judges perform marriages on state premises for which a fee is collected for themselves. At times, the performance of marriages by a judge interrupts usual court activities. Your Committee therefore believes it is fair that such fees collected be deposited into the general fund of the state.

Your Committee has amended the bill such that only those fees for marriages performed in state facilities during business hours will be subject to deposit into the general fund.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1191, as amended herein, and recommends its passage on Second Reading in the form attached hereto as H.B. No. 1191, H.D. 1 and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 351 Culture and the Arts on H.B. No. 468

The purpose of this bill is to repeal Section 6-16 through 6-16.8 Hawaii Revised Statutes, inclusively, thereby dissolving the Hawaii Foundation for History and Humanities and its accompanying responsibilities and duties.

The Hawaii Foundation for History and the Humanities (HFHH) was established in 1969 by Act 236 for the purpose of preserving and promoting activities relating to the history and the humanities in Hawaii. Act 236 and subsequent legislative acts established the foundation as a non-profit public corporation composed of private, dues-paying membership who elect a board of trustees to carry out the foundation's statutory responsibilities. Under present statutes, the foundation is authorized to do the following:

- (1) act as a depository of funds and gifts to be held in trust for the State and the people of Hawaii;
- (2) conduct research, studies and investigations in the field of ethnohistory and the humanities;
- (3) establish a centralized repository and information resource center and clearinghouse;
- (4) establish a review board to review and nominate sites for the Hawaii and National register of historic places;
- (5) develop a continuing, comprehensive museum and museum activities support

program;

(6) develop, in cooperation with the State Foundation on Culture and the Arts, a plan for the creation of a State trust for historic preservation; and

(7) establish a multi-cultural studies program and develop a centralized repository of multi-cultural materials.

In 1975, the House of Representatives adopted H.R. No. 646 requesting the Legislative Auditor to conduct a management and financial audit of HFHH to determine the effectiveness, efficiency and adequacy of the management, organization, financial record keeping, expenditures, and operations of the foundation (House Standing Committee Report No. 800, April 7, 1975).

The audit, completed in March 1976, generally found that the foundation had not effectively implemented the programs over which it had statutory responsibility and that progress has been extremely slow in meeting legislative expectations in virtually all areas. In reviewing the 1976 Audit's findings and recommendations and as a result of public hearings held in 1977 on this matter, the legislature found that: a depository of funds and gifts to the State had not been established; a plan for a State trust for historic preservation in cooperation with the State Foundation on Culture and the Arts has not been developed; a comprehensive museum and museum activities support program has seen minimal efforts and the centralized repository and information resource center and clearinghouse has not been fully realized.

To implement a multi-cultural studies program and conduct research and studies in ethnohistory and humanities, private and public organizations have been contracted with by the foundation. The 1976 Legislative Auditor's report found that very little of any significance had been produced in this program. In examining this matter at the current legislative session, your Committee found that late payment problems and a lack of agreement on the selection and implementation of project proposals exists between the foundation and contractors. Your Committee also found that the absence of formal written guidelines up to this time, establishing procedures and standards for the selection, approval and implementation of projects contracted with organizations and individuals has adversely affected the foundation's performance in this area.

While the foundation has established a review board to review and nominate sites for a Hawaii and a national register of historic places, the review board's progress in carrying out its duties have been less than satisfactory due to long, unexplained delays in filling needed staffing positions.

The foundation is required by statute to submit an annual report to the Governor, the State Senate and the State House of Representatives. Your Committee found that for 1976 and 1977, no annual report was filed. In previous years, the foundation's practice was to submit annual reports based on a calendar, rather than fiscal year since Section 6-16.4, HRS, does not specify the time period the foundation's annual reports should cover. For 1978, a draft copy of a proposed annual report for FY 1977-78 is pending board approval. Your Committee believes that had these annual reports been filed as required by law, some of the foundation's problems may have been resolved earlier.

In view of these findings, your Committee agrees with the intent and purpose of the bill dissolving the HFHH by repealing Sections 6-16 through 6-16.8, HRS. However, certain programs and responsibilities currently administered by the foundation should continue to operate under the administration of certain state agencies.

Your Committee finds that the Hawaii Historic Places Review Board is a requirement of federal law and should be maintained. Through the review board, the State receives federal historical preservation funds and other sources of federal funds. The 1976 Legislative Auditor's report recommended that this review board be transferred to the Department of Land and Natural Resources (DLNR). Your Committee concurs with this recommendation and further believes that the State historic preservation officer should appoint future review board members to three-year terms.

Your Committee also believes that the State should continue to support research and studies in the areas of oral history and ethnohistorical studies and therefore recommends that programs to carry out these activities be placed under the administration of the State Foundation of Culture and the Arts.

Based on these recommendations, your Committee has amended the bill as follows:
(1) add two new sections to the bill, one placing the review board under Section 6E-3,

HRS, and requiring the state historic preservation officer to appoint review board members, and the other under Chapter 6E, HRS, specifying the duties and powers of the review board; (2) add a new section to the bill allowing present review board members to continue to serve as members for the remainder of their current terms; and (3) add a new section to the bill placing oral history and ethnohistorical studies under the administration of the State Foundation on Culture and the Arts.

Your Committee also has amended the bill to have the approval date of this bill, if enacted, to take effect on July 1, 1979.

Your Committee on Culture and the Arts is in accord with the intent and purpose of H.B. No. 468, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 468, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Kawakami.

SCRep. 352 State General Planning on H.B. No. 187

The purpose of this Act is to provide for the collection of information or data on the movement of persons within the State or entering or leaving the State, such information being necessary for effective state planning, delivery of government services and long-range policy making.

Testimony provided by the Director of the Department of Planning and Economic Development, indicated that the entry and exit census specified in Part III of Chapter 201 of the Hawaii Revised Statutes (Act 103, Session Laws of Hawaii 1973) was never implemented. One reason for not implementing the entry and exit census was that Part III required that information be provided on a form which protected the identity of the respondent. This requirement conflicted with the Department of Agriculture's baggage declaration form (the current source for passenger statistics) which requires a signature of the respondent. As a result the baggage declaration forms could not be used for the purposes of the entry and exit census, and an additional form to be filled out by passengers was opposed by the carriers. Moreover, the necessary funds to undertake the census were never released. Nevertheless, an entry and exit census may be necessary for proper planning and long-range policy making.

Your Committee agrees with the intent and purposes of the bill, but has made several technical amendments to the bill to conform with accepted bill drafting rules and for clarity and conciseness. Your Committee has accordingly repealed Part III of Chapter 201 of the Hawaii Revised Statutes and substituted a new part with two sections relating to definitions and data or information collection. In addition, your Committee has provided the director with rule making powers to administer the section.

Your Committee on State General Planning is in accord with the intent and purpose of H.B. 187, 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. 187, H.D. 1.

Signed by all members of the Committee.

SCRep. 353 Public Employment and Government Operations on H.B. No. 1606

The purpose of this Act is to change the public employer's monthly contribution to the Health Fund from a fixed dollar amount to a percentage basis.

Your Committee is in agreement that such a change in funding methods is necessary because of the inflationary increase in premiums over the years. The Medical Plan was established in 1962 with an employer contribution of \$3 for the Self Only Plan and \$10 for the Family Plan. The rates have since increased to \$11 for single coverage and \$34.50 for family coverage. Similarly, the Children's Dental Plan was established in 1966 with an original contribution of \$1.40 per child. In order to maintain the current level of dental benefits the rate has been raised to \$3.74. Under present law the covered employee pays the balance and is responsible for any increased amounts whenever the respective carriers raise their premiums.

To alleviate the increased financial burden this puts on the employee as premiums continue to rise, H.B. No. 1606 establishes a 50 percent employer contribution rate for the Medical Plan and a 100 percent rate for the Children's Dental Plan. The estimated cost of implementation will be \$4,177,200 for the fiscal biennium 1979-81, with the State's share being \$2,774,300

and the counties' share at \$1,402,900.

In view of the fiscal impact this may have on the State's existing financial situation, your Committee has amended the Act by deleting the proposed 100 percent employer contribution to the Children's Dental Plan and providing that the employer will contribute one-half of the premiums of the carrier selected by the majority of the employees. This is because one medical carrier presently has a disproportionate number of employees enrolled in its program, thereby resulting in lower group rates and a lower cost to the State.

Your Committee has also restated the amendment concerning married couples to more clearly provide that if both husband and wife are employee-beneficiaries, the total contribution by the State or appropriate county shall not exceed the monthly contribution of a Family Plan for both of them.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 1606, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1606, H.D. 1 and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 354 Ocean and Marine Resources and Higher Education on H.B. No.
1338

The purpose of this Act is to eliminate all fees charged to the public for admission to the Waikiki Aquarium and to allow the Aquarium to accept donations and to utilize monies so received for the maintenance, operation and expansion of the Aquarium.

Founded in 1904, and part of the University of Hawaii since 1919, the Waikiki Aquarium is the third oldest such institution in the United States. For the largest part of its history, the Aquarium's major objective was the exhibition of aquatic life, and display for educational purposes were minimal. In the last four years, however, education has become the major goal.

Your Committees recognized that the Aquarium has a tremendous potential to offer a number of educational opportunities both for the general public and for students at all levels of the formal education system. The Aquarium could become our window to the sea, comparable to the John G. Shedd Aquarium in Chicago, the Vancouver Public Aquarium in British Columbia, the Steinhart Aquarium in San Francisco, or the Wayland Vaughan-Museum at Scripps Institute of Oceanography in La Jolla. There is no reason why, given Hawaii's resources, our Aquarium could not become the most exemplary Aquarium in the world.

Your Committees further find that the removal of any mandatory fees has the advantage of providing all persons, regardless of financial circumstances, with an opportunity to learn about Hawaii's marine exhibits through the Aquarium.

Testimony before your Committees from John Craven, Dean of Marine Programs of the University of Hawaii, Burton Roberts of the Friends of the Waikiki Aquarium and Spencer Tinker, former Director of the Waikiki Aquarium, reveals complete support for this proposal.

Your Committees also find that this Act will enable the Waikiki Aquarium to solicit donations and to some extent become partially self-supporting. In addition, it should be noted that the solicitation of donations has already been demonstrated to be acceptable to almost 90% of the Aquarium's visitors and to community residents.

Currently, the 25¢ entrance fee of the Aquarium generates approximately \$35,000 per year. It is the belief of your Committee that if this fee were eliminated, donations to the Aquarium would exceed this amount. The increased monies thus generated through donations would result in expanded expenditures for improved facilities and educational programs.

Your Committees have amended this Act to repeal Section 304-32 and 304-33 of the Hawaii Revised Statutes.

Your Committees further amend this Act to change the description of the location of the Waikiki Aquarium as stated in Sec. 304-31 of the Hawaii Revised Statutes because the Waikiki Aquarium is not located on the lot numbers listed. The Aquarium was relocated to Lots 114 to 118 inclusive and portions of Lots 113 and 119 of the Kapiolani lots as designated

by Executive Order 1817 in 1958 by William Quinn, Governor of the Territory of Hawaii.

In order to designate how funds collected through donations are to be managed, your Committees recommend the addition of a new section of the bill that reads:

"SECTION 304- Disposition of donations to the Aquarium.

All donations received under section 304-31 of this part shall be received by a non-profit, educational foundation approved by the Board of Regents of the University of Hawaii. The non-profit, educational foundation so approved shall establish a board of directors and a special fund for the purpose of receiving donations under section 304-31. The uses of this fund shall be conditioned upon a submittal by the director of the aquarium of proposed uses and upon approval of the board of directors."

Your Committee on Ocean and Marine Resources and the Committee on Higher Education are in accord with the intent and purpose of H.B. No. 1338 as amended herein, and recommend, that it pass Second Reading in the form attached hereto as H.B. No. 1338, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees.

SCRep. 355 Youth and Elderly Affairs on H.B. No. 837

The purpose of this bill is to appropriate \$20,000 to be expended by the Department of Accounting and General Services for general repairs, maintenance, renovation and modernization of existing buildings of the Keaahala Senior Citizen's Center.

Your Committee has amended the bill to specify the amount to be appropriated and the expending agency. The date when any unexpended or unencumbered balance of the appropriation shall lapse into the general fund has been left to the discretion of the Committee on Finance.

Your Committee on Youth and Elderly Affairs is in accord with the intent and purpose of H.B. No. 837, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 837, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Sutton.

SCRep. 356 Youth and Elderly Affairs on H.B. No. 695 (Majority)

The purpose of this bill is to permit the State to assist aged, indigent resident aliens to return to their homelands.

While it is the intent of your Committee that this program to return aged, indigent resident aliens to their homelands be available to all individuals qualifying under the provisions of this bill, it is convenient to discuss the reasons for the program in terms of Filipinos because data are available on that part of Hawaii's population.

Balik-Bahay Project, Inc., a non-profit organization, is a project to locate aged, indigent Filipinos in Hawaii and, if they wish, return them to their families in the Philippines. Much of the material in the subsequent paragraphs is drawn from the testimony and experience of Balik-Bahay.

Large numbers of Filipinos were brought to Hawaii between 1906 and World War II because of the need for workers to satisfy the labor-intensive plantation economy characteristic of Hawaii throughout the first half of this century. By 1946 some 126,831 Filipinos had migrated to Hawaii: 109,512 men, 9,398 women and 7,921 children. Thus, among the aged, indigent resident Filipinos there is a very high proportion of single male retirees. These individuals are scattered throughout the State.

Many of the retired Filipinos find retirement a punishing rather than rewarding experience. Their retirement income is barely sufficient to keep them alive at a minimal level of existence. They are isolated--lacking family, relatives, friends or work relationships. In some cases isolation is intensified because the individual has little or no command of the English language. Many retirees lack adequate food, shelter, clothing and medical services.

In the first two years of Balik-Bahay's operation it interviewed 4,300 individuals and

located 260 aged men desiring reunion with families or relatives in the Philippines. Since the inception of the Balik-Bahay program forty-one aged resident Filipinos have been helped to resettle in the Philippines. The cost of transporting the returnees back to the Philippines was \$23,235.50.

The costs of resettling returnees in the Philippines, if assumed by the State, will be more than offset by the savings realized by the State. Returnees will take with them social security benefits and pension benefits to which they are entitled. All other governmental costs of assisting returnees will cease including, for example, the costs of Supplemental Security Income, care and convalescent homes, food stamps, medical services, and housing.

Since 1974 the forty-one returnees assisted by Balik-Bahay have resulted in an estimated savings to government of over \$178,000 through February, 1979 and a projected total savings to government of over \$300,000 through February, 1980.

There are real benefits to individuals choosing to return to their homelands. In the case of Filipinos there are the rewards of being reunited with families and relatives and reintegrated into the culture into which they were born. In Hawaii, the potential returnee's circle of friends and acquaintances narrows with the passage of time. Back in his native land, the returnee is likely to be incorporated into the expanding circle of relationships characteristic of the traditional extended family culture. Social security and pension benefits which might mean a marginal existence at best in Hawaii may be a substantial boost to a returnee's family income and the local economy.

The Philippines government has been supportive of the Balik-Bahay program with two ministries (Ministry of Tourism and Ministry of Social Services and Development) actively engaged in helping returnees adjust to reintegration within their homeland.

Testimony from the State Director of Labor and Industrial Relations was supportive of the bill and stated that it would have a small but favorable impact on Hawaii's employment situation by making retirement an acceptable alternative to returnees who would otherwise remain in lower-paying jobs longer than they desire rather than face the hardships of existing on limited retirement benefits.

Senator Spark M. Matsunaga has written strongly supporting passage of the bill and noting that he has introduced similar legislation in Congress for increased federal support of returning indigent alien residents to their homeland. In Senator Matsunaga's words:

"We in Hawaii have perhaps a unique social responsibility with respect to the welfare of the large number of aged, indigent aliens currently residing in the State. . . . Most of these aliens arrived in Hawaii with no family and few friends. . . . many of them reside in the rural areas of the State without adequate health care or social services. . . . I believe that your proposal (H.B. No. 695) would provide an appropriate redress for those aged, indigent resident aliens in Hawaii who have expressed a desire to return to their home country."

The Department of Social Services and Housing testified in favor of the intent of the bill with two caveats: 1) a possibility that State funding and legislation may not be necessary given existing federal funding and legislation, and 2) the bill in its original form does not preclude a returnee from coming back to Hawaii and requesting one or more forms of governmental assistance. Both caveats are addressed by your Committee through amendments to the original bill. The bill accomplishes its purpose by adding a new Part VI entitled "Resident Alien Program: to Chapter 346, Hawaii Revised Statutes. Part VI has five sections. The first section states the purpose of Part VI; section two defines terms used in Part VI; section three places the responsibility for administration of the program with the Director of Social Services, State of Hawaii; section four requires an alien eligible for the program to sign a statement of intent to establish residency in his homeland and, in the event of desiring to reestablish residency in Hawaii to agree to first obtain approval from the Director of Social Services and to repay the State its transportation and administrative costs incurred in returning the indigent alien to his homeland; section five authorizes the Director of Social Services to adopt rules pursuant to Chapter 91, Hawaii Revised Statutes to determine the amount of public assistance to be provided in returning eligible aliens to their homelands.

Your Committee has amended H.B. No. 695 as follows:

1. The term aged and indigent resident alien(s) has been changed throughout the bill to read aged, indigent resident alien(s) for purposes of clarity.
2. The language of Section 1 has been amended to better define the purpose of the bill.

3. Section 2 of the bill setting forth the proposed Part VI, Chapter 346, Hawaii Revised Statutes has been amended as follows:

- (a) In the proposed definitions section of Part VI the definition of "Resident Alien" has been deleted and definitions of "alien", "residence" and "resident" inserted to improve clarity and to conform to the definitions used in the federal law dealing with resident aliens (8 USC 1101).
- (b) A new section has been inserted dealing with the statement of intent as described above.
- (c) The proposed Part VI has been amended by making it clear that the financing provided by the Resident Alien Program will cover administrative as well as transportation costs.
- (d) Minor style and word changes have been made for clarification.

4. The proposed appropriation of State general revenues has been reduced from \$100,000 to \$70,000.

Your Committee on Youth and Elderly Affairs is in accord with the intent and purpose of H.B. No. 695, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 695, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 357 Youth and Elderly Affairs and Public Assistance and Human Services on H.B. No. 893

The purpose of this bill is to appropriate \$11,330 to be expended by the State Department of Social Services and Housing to provide "chore services" to the elderly residents at Hale Mahaolu Housing Project in Kahului, Maui.

The Department of Social Services and Housing testified that the \$11,330 would be matched by federal Title XX funds at a ratio of 28% State funds to 72% federal funds. This would equal the funding provided for the 1979 fiscal year.

The "chore services" project is unique in that it combines services to disabled elderly allowing them to remain in their own residence rather than being institutionalized or becoming dependent on others with job training and employment for five handicapped persons enrolled in the Maui Rehabilitation Center's vocational rehabilitation program.

The bill has been amended to conform to the accepted style for house bills.

Your Committees on Youth and Elderly Affairs and Public Assistance and Human Services are in accord with the intent and purpose of H.B. No. 893, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 893, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representative Sutton.

SCRep. 358 Youth and Elderly Affairs and Health on H.B. No. 856

The purpose of this bill is to appropriate \$150,000 from State general revenues to be expended by the Department of Social Services and Housing to supplement the Supplemental Security Income (SSI) program to insure that adult care and boarding home operators are equitably compensated for their services. The appropriation is for the 1980 fiscal year.

Approximately 1,500 SSI recipients are cared for in these homes at present at substantially lower costs than would be incurred should these recipients have to be institutionalized.

Your Committees recognize that adult care and boarding home costs are rising as a result of the general tenor of the economy. However, at present there are no accurate data to determine the reasonable costs of these homes which should be allocated to the SSI recipients and what share of costs should be borne by the homes' families or households.

The Department of Social Services and Housing is conducting now a survey of all such homes to determine their actual expenditures for the care of SSI recipient residents. It is the wish of your Committees that the Department submit the results of its survey to the Legislature as soon as possible but no later than twenty days prior to the convening of the 1980 Regular Session of the Hawaii State Legislature.

Your Committees on Youth and Elderly Affairs, and Health are in accord with the intent and purpose of H.B. No. 856 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committees except Representative Kobayashi.

SCRep. 359 Youth and Elderly Affairs; Health; and Public Assistance and
Human Services on H.B. No. 1097

The purpose of this bill is to appropriate \$280,635 from the State general revenues to support transportation services to the elderly, preschool children, disabled, handicapped, and other disadvantaged persons on Kauai, Maui, and Hawaii.

There is no public transportation system on Kauai, Maui, and Hawaii. Presently, the three counties provide transportation services through county economic opportunity programs to selected groups in the population with special needs. In part, these services have been financed through State Comprehensive Employment Training support and grants or Title XX funds from the State Department of Social Services and Housing. All these sources of funds are being eliminated, reduced, or held constant.

Testimony presented to your Committees by the three county economic opportunity programs indicated that transportation services would have to be curtailed unless additional funding is provided. This is considered undesirable since all counties have identified needs for additional services.

The proposed appropriation would enable the transportation services to retain existing personnel, purchase needed new or replacement vehicles and maintain equipment.

Your Committees believe that the division of responsibilities between the State and the counties make transportation services the responsibility of the counties. It is recommended that future funding needs be provided by the counties.

Your Committees on Youth and Elderly Affairs, Health, and Public Assistance and Human Services are in accord with the intent and purpose of H.B. No. 1097 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Baker,
Ushijima, Lacy and Sutton.

SCRep. 360 Youth and Elderly Affairs and Health on H.B. No. 80

The purpose of this short-form bill is to provide for a grievance mechanism for patients in long-term care facilities.

Your Committees have amended the bill as follows:

The purpose of the bill is clarified to provide for assigning to the State of Hawaii Executive Office on Aging responsibility for advocating the interests of residents of long-term care facilities, individually and as a class, and to promote improvement in the quality of life experienced by residents of long-term care facilities in Hawaii.

This advocacy function for institutionalized elderly is now a mandate on the State under the federal Older Americans Act, as amended in 1978. H.B. No. 80 is intended to satisfy this mandate.

The bill adds three new sections to Chapter 349, Hawaii Revised Statutes. The first section spells out in detail the advocacy responsibilities assigned to the Executive Office on Aging. The second section requires long-term care facilities to permit the Executive Office on Aging access to the facility as necessary for the Executive Office on Aging to discharge its advocacy responsibilities. The third section prohibits retaliatory acts by a facility or its employees against any resident

seeking advocacy assistance or making a complaint about a facility or any of its employees.

Your Committees on Youth and Elderly Affairs, and Health are in accord with the intent and purpose of H.B. No. 80, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 80, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Baker, Ushijima and Sutton.

SCRep. 361 Culture and the Arts on H.B. No. 1421

The purpose of the bill is to provide \$120,000 for the continuation of the Hawaii Multi-Cultural Center's Community Oral History Project.

The purpose of the Hawaii Multi-Cultural Center's Community Oral History Project is to preserve the history and heritage of Hawaii's communities and provide education in the multi-cultural nature of the State.

Your Committee has serious concerns on the amount requested and how it will be spent.

The bill specifically states that the \$120,000 shall be used for "the continuation of the Hawaii-Multi-Cultural Center's Community Oral History Project on Kaimuki (Oahu), Kapaa (Kauai), Kulaimano (Hawaii), and Waihee (Maui) under contract with the Hawaii Foundation for History and the Humanities." However, the testimony submitted by the Hawaii Multi-Cultural Center also indicates funds will be used for workshops, seminars, lectures or conferences and for the Oral History Resource Center, besides the original, intended use.

When this question was specifically raised, "Will all of the \$120,000 be used for oral history as stated in the bill?", the answer given was "No". Also, there was no information provided to show what exactly was to be allocated for oral history.

Your Committee believes that the intent of this bill is to provide appropriations as a subsidy for specific projects and not as total funding for the operations of the Multi-Cultural Center.

Your Committee has decided to amend Section 2 of the bill to provide \$15,000 for fiscal year 1979-80 for the purposes of this Act. This amendment is to indicate general support of the Community Oral History Project only.

Your Committee on Culture and the Arts is in accord with the intent and purpose of H.B. No. 1421, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1421, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Kawakami.

SCRep. 362 Culture and the Arts on H.B. No. 1378

The purpose of this bill is to provide funds for the design and construction of production facilities expansion and equipment at Hawaii Public Television.

The Ninth State Legislature in 1978 had appropriated \$25,000 for a feasibility study and architectural drawings for the proposed modification/expansion project, which was to have included the establishment of a sound studio, a second small studio for editing and interview-program purposes, and the creation of additional space for off-line editing, prop and set storage, and working areas for student employees, trainees and community volunteers. This proposed expansion, further was to coincide with the original plans for the building, as, for example, air-conditioning and electrical support systems are already in place to accommodate such a project.

The funds are intended to be expended as follows: \$72,000 for design; \$852,000 for construction; and \$13,000 for equipment.

Your Committee is in agreement that this appropriation for production facilities and equipment is necessary as it will permit the Hawaii Public Broadcasting Authority to operate its station in a more cost-effective and efficient manner and to provide improved services

to the station's customers, which are principally Hawaii state government agencies, and the community-at-large.

Your Committee on Culture and the Arts is in accord with the intent and purpose of H.B. No. 1378 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 363 Culture and the Arts on H.B. No. 1470

The purpose of this bill is to provide \$10,000 for the establishment of a canoe sailing program intended to instill the spiritual feelings of the ocean-going culture of Hawaii in children and youth, one-half of which shall be from low-income families (as determined by the Department of Education) for the fiscal year 1978-79.

Your Committee amended Section 2 of the bill by replacing the "Double-Hulled Canoe Hui" with "KUMU NUI MA KE KAI" to identify the non-profit organization making the request by their incorporated name.

Your Committee further amended Section 2 by designating June 30, 1980 as the lapsing date for any unexpended or unencumbered balance.

Your Committee on Culture and the Arts is in accord with the intent and purpose of H.B. No. 1470 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1470, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Kawakami.

SCRep. 364 Culture and the Arts on H.B. No. 1507 (Majority)

The purpose of this bill is to make an appropriation for purposes related to cockfighting education and related concerns.

Although cockfighting is illegal in Hawaii, there are still those that continue to fight cocks. It is the belief of these people that this "sport" is part of their culture and heritage.

Your Committee believes that the appropriation for cockfighting education and related concerns should uphold the law of the State of Hawaii and show the cruelty of this "sport". However, your Committee also believes that the reason why these people continue to break the law should be explored.

Your Committee believes that both sides, pro and con, of cockfighting should be presented to give a fair assessment of this controversial "sport".

Your Committee feels that the education of cockfighting should be presented through a videotape for all Hawaii to see. The actual contents of this videotape will be left to the discretion of the expending agency.

Your Committee has amended Section 1 of the bill to provide \$5,000 for the purposes of this Act.

Your Committee has also amended Section 2 of the bill to have the Hawaii Public Broadcasting Authority as the expending agency. Section 2 is further amended to provide June 30, 1980 as the lapsing date for any unexpended or unencumbered funds.

Your Committee on Culture and the Arts is in accord with the intent and purpose of H.B. No. 1507, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1507, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Kawakami.
(Representatives Anderson and Marumoto did not concur.)

SCRep. 365 Culture and the Arts on H.B. No. 1194

The purpose of the bill is to make an appropriation of \$75,000, as a grant-in-aid, to the Filipino 75th Anniversary Commemoration Commission.

The Commission, established by the Ninth Legislature through the passage of Act 181, Session Laws of Hawaii, 1977, is designated to have charge of all arrangements and activities for the 75th anniversary celebration. The Commission is at present coordinating such efforts with the United Filipino Council of Hawaii and other interested private, as well as public, organizations.

The Commission, however, was not given an appropriation, since the United Filipino Council of Hawaii had planned to obtain through private donations and community support funds necessary for the celebration. To date these funds have not been obtained, so that the Commission is requesting for funding now from the State.

As the existing and planned future activities are extensive as well as comprehensive and in need of financial support, your Committee believes the Commission should be supported.

Therefore, your Committee on Culture and the Arts is in accord with the intent and purpose of H.B. No. 1194 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 366

Culture and the Arts on H.B. No. 1123

The purpose of this Act is to provide an appropriation of \$250,000 as a grant-in-aid to the Hawaii County for the conversion of the former Hilo police station to an art and cultural center, the funds of which shall be used for planning, restoration, renovation and construction and other items necessary for conversion.

There seems to be great support for the establishment of an art and cultural center for East Hawaii. Such a center is expected to play an important role in Hilo as a place with permanent space for meetings, rehearsals, workshops and demonstrations, a gallery and an outlet for sales of arts and crafts. The former police station was chosen as the site because it is architecturally handsome, has been vacant for nearly four years, and is located in a historically significant area.

Your Committee, thus, supports this Act, but is fully aware of Section 6E-8 of Chapter 6E, Hawaii Revised Statutes, which requires that the Department of Land and Natural Resources give its written concurrence to any proposed project which may affect historic property by a state agency, officer or political subdivision, the last of which the County of Hawaii is.

Your Committee, therefore, for purposes of legal compliance, recommends that Section 2 be amended to read that the expending agency shall be the department of land and natural resources instead of the department of accounting and general services. Section 2 of the bill is further amended by deleting any reference to the lapsing date of any unexpended or unencumbered funds.

Your Committee on Culture and the Arts is in accord with the intent and purpose of H.B. No. 1123 as amended herein, and recommends that it pass Second Reading and be referred to the Committee on Finance as H.B. No. 1123, H.D. 1.

Signed by all members of the Committee.

SCRep. 367

Culture and the Arts on H.B. No. 1052 (Majority)

The purpose of the bill is to provide funds totalling \$60,000 to sustain the Friends of Waipahu Cultural Garden Park's educational exhibits program.

The Friends of Waipahu Cultural Garden is a non-political, non-ethnic, non-partisan educational foundation consisting of individuals and groups, on Oahu and elsewhere, interested in the establishment, development, and maintenance of the Waipahu Cultural Garden Park as an example of a way of life rapidly disappearing in our islands. The organization was founded in 1973, and, since 1975, has presented educational exhibits on Hawaii's sugar plantation heritage.

These exhibits include: an outdoor museum, which is a restored sugar mill village; and an on-going history research center, which includes the collecting, restoring, cataloging, and displaying of artifacts of the Hawaiian plantation period from 1875 to 1975. The latter includes importantly the recording on videotapes of the various ethnic plantation peoples and their lives. There is at present a collection of forty-five tapes.

The Park is extensively used by student and senior citizens. In 1978, for example, 4,300 school students spent 5,000 hours viewing the videotapes on ethnic plantation activities, while 45 different senior citizen clubs and organizations utilized the Park's videotapes and attended the artifact exhibits. Thus, the Park's resources serve as an important teaching tool for both the young and the old. The total attendance, however, was 32,634, and, therefore, included many other local residents as well as out-of-state visitors.

The program faces at present, unfortunately, serious curtailment in activity, if it does not receive immediate outside assistance. Its personnel, for example, has been manned through SCET and will be terminated shortly. Present private support, despite the untiring and intensive efforts of the Friends, is insufficient. The need for a grant-in-aid to the Friends, thus, is urgent. Noteworthy, this is the Friends' first request for State support in this area.

Your Committee feels strongly that the educational exhibits program of the Waipahu Cultural Garden Park serves to enrich and shape the public's perception of Hawaii's unique past and present heritage as well as promote further the understanding and appreciation of the multi-cultural nature of Hawaii's society. Your Committee believes also that the role of the Park has a potential yet to be met and, therefore, foresees greater public participation in the Park's educational exhibits program.

Therefore, your Committee supports the appropriation for \$60,000 to the Friends of Waipahu Cultural Garden Park with the provisos that the Friends: 1) continue to maintain an attendance statistics system reflecting breakdowns by students, other local residents, and out-of-state visitors; and 2) submit a full financial disclosure statement to the Department of Budget and Finance with the right to audit the Friends of Waipahu Cultural Garden Park's financial records.

Your Committee, however, believes that, as this is a program of ethno-cultural significance, its expending agency should be the State Foundation on Culture and the Arts rather than the Department of Budget and Finance, since the former is the normal channel through which such funding is expended.

Your Committee recommends, therefore, that Section 3 of this bill should be amended to have the sum hereby appropriated be expended by the State Foundation on Culture and the Arts instead of the Department of Budget and Finance. Section 3 of the bill is further amended to provide June 30, 1980 as the lapsing date for any unexpended or unencumbered balance of the appropriation made by this Act.

Your Committee is in accord with the intent and purpose of H.B. No. 1052, as amended herein, and recommends that it pass Second Reading and be referred to the Committee on Finance as H.B. No. 1052, H.D. 1.

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

SCRep. 368 Culture and the Arts on H.B. No. 1471

The purpose of this bill is to provide \$60,000 for purposes relating to stabilizing (restoring) of the Ku'ilio'loa Heiau in Waianae, Oahu.

Your Committee discovered the historical and religious significance of the Ku'ilio'loa Heiau to the Hawaiian Community by the testimony submitted. Your Committee members feel that the Ku'ilio'loa Heiau should be rebuilt, restored and preserved as a symbol of a culture and heritage that has all but been destroyed.

This multi-terraced heiau is assumed to have been an important religious site because of its prominent position on a headland, seaward of a major pre-contract beach settlement. It is also believed that the Ku'ilio'loa Heiau was the commanding temple for thirteen other heiaus along the coast and in the surrounding valleys. This heiau together with the other heiaus were inter-connected visually, spiritually and socially, fulfilling purposes of an entire ancient Hawaiian culture.

Your Committee on Culture and the Arts is in accord with the intent and purpose of H.B. No. 1471 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Kawakami.

SCRep. 369 Culture and the Arts on H.B. No. 913

The purpose of this bill is to provide \$10,000 to the Ensemble Players Guild for the fiscal year 1979-80.

Your Committee finds that the Guild's encouragement and exposure of local musicians and composers; its fusing of ethnic music with Western Classical music; and its complementing of the Honolulu Symphony through the Honolulu Chamber Orchestra; to be in the public weal.

Your Committee on Culture and the Arts is in accord with the intent and purpose of H.B. No. 913 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 370 Culture and the Arts on H.B. No. 914

The purpose of the bill is to provide \$50,000 for the Hawaii Theatre Festival for the fiscal year 1979-80.

Your Committee approves of the Hawaii Theatre Festival program of providing theatrical presentations to the people of Hawaii with emphasis on the young. Of particular interest is the commissioning of new plays by resident playwrights.

Your Committee on Culture and the Arts is in accord with the intent and purpose of H.B. No. 914 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 371 Culture and the Arts on H.B. No. 1062

The purpose of this Act is to make an appropriation out of the general obligation bonds of the State of Hawaii for the planning and construction of a radio station for the Hawaiian Islands Public Radio.

The Hawaiian Islands Public Radio (HIPR) is a private, non-profit organization, founded by a group of private citizens to establish Hawaii's first full-service, non-commercial, public radio station. This was done after the Eighth Legislature in 1976 turned down a request by the Hawaii Public Broadcasting Authority to fund the establishment of a state-operated public radio station.

Hawaii is said to be at present the only state without a public radio station. The present request, a "one-time" one, is to match a 75%-25% Facilities Acquisition Grant from the U.S. Department of Health, Education, and Welfare of \$153,805 for station equipment and construction. Since this matching amount of \$51,269 must come from non-federal funds, Hawaiian Islands Public Radio is seeking it from the State.

Further testimony revealed that the activation of new public radio stations throughout the country now is of the highest priority for the federal facilities program. For this reason, your Committee supports the present request of Hawaiian Islands Public Radio for an appropriation.

As funds from general obligation bonds are to be used only for capital improvement projects of state agencies, the appropriation must come, therefore, from general funds. This would then change the expending agency from the department of accounting and general services to the department of budget and finance. Last, your Committee favors granting the Hawaiian Islands Public Radio the full matching amount of \$51,269, requested.

Your Committee, therefore, recommends the following amendments: 1) that the source of appropriation be the general revenues, rather than the general obligation bonds, of the State of Hawaii; 2) that the sum of appropriation be \$51,269; and 3) that the expending agency be the department of budget and finance instead of the department of accounting and general services.

Your Committee on Culture and the Arts is in accord with the intent and purpose of H.B. No. 1062, as amended herein, and recommends that it pass Second Reading in the

form attached hereto as H.B. No. 1062, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Kawakami.

SCRep. 372 Culture and the Arts on H.B. No. 915

The purpose of the bill is to provide \$15,000 for the Honolulu Youth Symphony for the fiscal year 1979-80.

Your Committee finds that the Honolulu Youth Symphony through its sponsoring of the Hawaii Youth Symphony Orchestra, the Hawaii Junior Orchestra, and the Elementary String and programs, provides experience and training in the musical arts to the young people of Hawaii. Furthermore, the Honolulu Youth Symphony has musical performances especially designed for the youth and performed by youth.

Your Committee has amended the sum appropriated from \$15,000 to \$25,000. This was done due to a revised request of appropriation from the Honolulu Youth Symphony. Furthermore, the lapsing date has been amended to June 30, 1980.

Your Committee on Culture and the Arts is in accord with the intent and purpose of H.B. No. 915 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 915, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 373 Housing and Consumer Protection and Commerce on H.B. No. 1220

The purpose of this bill is to amend Sections 246-39 and 246-39.1, Hawaii Revised Statutes, by defining "nonprofit or limited distribution mortgagor" as a mortgagor who obtains mortgage insurance or guaranty under programs of the federal government as a nonprofit or limited distribution mortgagor.

Under Section 246-39(a), nonprofit and limited distribution mortgagors receive real property tax exemptions if they qualify for or obtain mortgage insurance under specific provisions of the National Housing Act. Citing these specific sections is too restrictive as new mortgage insurance or guaranty programs of the Department of Housing and Urban Development, Farmers Home Administration and Veterans Administration have recently been adopted, and two of the three federal programs cited are now obsolete.

Due to the changes which constantly occur in federal government programs, the statutes should be broadened to encompass all relevant federal programs. Your Committee finds that by amending Section 246-39 to apply to those obtaining mortgage insurance or guaranty under "programs of the federal government," the State can avoid unintentional limitation of the exemption.

Your Committee has adopted the recommendation of the Department of Taxation and amended this bill by changing the word "guarantees" on page 1, line 5 to "guaranty" which is the more accurate term.

Your Committee has further amended the bill by deleting "July 1, 1972" from page 2, lines 12 and 13 and inserting "the effective date of this Act" in both places. This revision will simply change the date July 1, 1972 to the date that the Act becomes effective.

Your Committee on Housing and your Committee on Consumer Protection and Commerce are in accord with the intent and purpose of H.B. No. 1220, as amended herein, and recommend that it pass Second Reading, in the form attached hereto as H.B. No. 1220, H.D. 1 and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Baker, Garcia, Larsen, Uechi and Sutton.

SCRep. 374 Public Assistance and Human Services and Health on H.B. No. 605

The purpose of this bill is to authorize the Department of Social Services and Housing (DSSH) to determine the rates of payment to providers of medical care on the basis of the maximum amounts permitted by federal rules and the State's fiscal resources as determined

by the Legislature.

Your Committees find that the cost of the State's Medicaid program is escalating at an alarming rate. Medicaid program costs have increased from \$38 million in FY 1974-75 to \$108.5 million during the present fiscal year, resulting in an approximately 15 percent increase each year. The projected cost is \$122.6 million for 1979-80 and \$134.2 million for 1980-81. The escalation in costs is particularly disconcerting when compared with cost increases in the State's income maintenance program. As illustrated by the attached chart, the Medicaid program has historically cost less than the income maintenance program. This coming biennium for the first time, however, the cost of the Medicaid program surpassed the cost of the income maintenance program. These trends are expected to continue in the coming years, resulting in the cost of the Medicaid program far exceeding the cost of the income maintenance program.

Your Committees find that the escalation in Medicaid program costs is due to a number of factors, which include: recent increases in hospital room rates; increases in the rates of skilled nursing facilities and intermediate care facilities; and increases in payments made to individual professional providers of medical care. Payments to professional providers constitute a substantial portion of total Medicaid program costs. In FY 1977-78, for example, the total cost of the Medicaid program was \$93.4 million. Payments to professional providers amounted to \$32.2 million or 34.5% of total program costs that year. The passage of this measure will therefore assist in alleviating and controlling a substantial part of the spiraling costs of the Medicaid program.

Under current state laws, particularly Section 346-59, Hawaii Revised Statutes, DSSH is required to pay up to the maximum usual and customary fees permitted by federal rules. In addition, the state's biennial budget relative to these payments must be based upon the current profile of what is the usual and customary fees for medical, dental and other professional health care services. Under this set-up, as the usual and customary fees increase, both the payments to the providers of medical care and the biennial budget automatically must increase, irrespective of the status of the state's fiscal resources. For example, the program budget submitted to the Legislature this biennium reflects a projected increase in payments to individual providers of \$7.1 million for 1979-80 and \$10.2 million for 1980-81, based on the 1977 profiles. By using the 1978 fee profiles, which were available after the budget was submitted to the Legislature, an even larger projected increase of \$10.9 million for 1979-80 and \$12.3 million for 1980-81 would be indicated. This substantial impact on the Medicaid program, and the State's budgetary resources, is expected under current state law. The bill amends the current state law to permit DSSH to set rates up to the maximum allowed by federal rules with due consideration for the state's fiscal resources as determined by appropriations made by the Legislature for medical care payments and payments to health maintenance organizations.

Your Committees believe that the bill will sufficiently alleviate the spiraling costs of the Medicaid program in the future. However, your Committees are also concerned that the program budget submitted to the legislature for the 1979-81 biennium, which was based on the 1977 fee profiles, reflects a substantial increase of \$7.1 million for 1979-80 and \$10.2 million for 1980-81 in payments to individual providers. Your Committees recommend that the program budget for the 1979-81 biennium be amended by amending the \$7.1 million to \$5.4 million for FY 1979-80 and the \$10.2 million to \$7.5 million for FY 1980-81 and further recommend that the following proviso be included in the 1979-81 biennium budget:

"Provided, that of the funds appropriated under SOC 230, the sum of \$5.4 million is to fund an increase in the fees to providers of professional services in FY 1979-80 and the sum of \$7.5 million is to fund an increase in those fees in FY 1980-81, paid in accordance with the provisions of Sec. 346-59, HRS. These funds are in place of, and not in addition to, the \$7.1 million and the \$10.2 million which were included in the biennial budget of the Department of Social Services and Housing for this purpose. Payments to providers of professional services shall be adjusted so that of the \$5.4 million and \$7.5 million appropriated, this increase shall be equitably administered by the Department of Social Services and Housing."

Your Committees find that this bill also specifically authorizes payments for health care services on a pre-paid fixed fee basis. The proposed amendment will provide for statutory recognition of payments to health maintenance organizations such as the Kaiser Medical Center.

It was inferred in testimonies presented by representatives of professional providers of medical care that the bill will have the adverse effect of reducing the rates of payment for professional providers; however, testimony by Department of Social Services and Housing and further review of the bill indicates that a reduction in the rates of payment

to professional providers is clearly not the case. Under the bill, the levels at which payment may be made must be established in accordance with appropriations made by the Legislature each fiscal year. The levels of payment must therefore represent the Legislature's mandate.

Your Committees have amended the bill by adding "optometry," to the definition of "individual practitioners" to make it clear that optometrists are recognized providers of health care services under the Medicaid program.

Your Committees on Public Assistance and Human Services and Health are in accord with the intent and purpose of H.B. No. 605, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 605, H.D. 1 and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Baker and Ushijima.

SCRep. 375 Health and Public Assistance and Human Services on H.B. No. 1664

The purpose of this bill is to conform the language of Section 347-4, Hawaii Revised Statutes, by reference to Chapter 348, HRS, the federal Vocational Rehabilitation Act of 1978, and the federal Randolph-Sheppard Act of 1974.

At the present time, Section 347-4 defines vocational rehabilitation of blind and visually handicapped persons in a manner inconsistent with the federal vocational rehabilitation law and with Chapter 348 of the Hawaii Revised Statutes. For example, the federal law has, under its definition of vocational rehabilitation services, services beyond what is included in Section 347-4 such as reader services, rehabilitation teaching services, and orientation and mobility services for the blind, sensory and other technological aids and devices, post-employment services, services to family members, and "other goods and services which can reasonably be expected to benefit a handicapped individual in terms of employability." The federal law also establishes standards relating to quality of services and personnel providing services. Conformance with present federal laws will permit the State to receive federal vocational rehabilitation matching funds and project grants.

Your Committees have amended the bill as follows:

- (a) By replacing the word "may" with the word "shall" on page 1, line 4 to ensure that necessary vocational rehabilitation services will continue to be provided for blind and visually handicapped persons.
- (b) By deleting references to the year of enactment of the federal Vocational Rehabilitation Act and the Randolph-Sheppard Act on page 1, lines 7 and 8.
- (c) By adding a clause to page 1, line 9, to provide that the Department of Social Services and Housing shall operate its vocational rehabilitation programs for the blind and visually handicapped within the limits of available federal, state, and private funds.

Your Committees on Health, and Public Assistance and Human Services are in accord with the intent and purpose of H.B. No. 1664, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1664, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representative Sutton.

SCRep. 376 Health and Public Assistance and Human Services on H.B. No. 1405

The purpose of this bill is to encourage the deinstitutionalization of developmentally disabled persons through the provision of respite services and to appropriate \$50,000 for this purpose.

Respite services are provided to give support to families, guardians, and foster parents of developmentally disabled persons to minimize the need for either institutionalization or reinstitutionalization in the case of the developmentally disabled person who is attempting to return to the community from an institution. Respite care may be defined as short-

term or temporary relief for families, either in or out of the home, in order to allow the families to meet emergency needs or to obtain routine relief from the stress of caring for a substantially disabled person.

The department of health testified in support of these services being offered and stated that "there is a need for respite services in the community". It is the intent of your Committees that the department of health develop a plan to categorize and prioritize the need for respite services and to pursue the use of volunteers and other appropriate persons in the community to maximize the service.

Your Committees have amended the bill to provide that appropriate respite services be part of any individual program plan developed for any person discharged from Waimano Training School and Hospital and further to provide that respite services be added to those services the department of health may provide for community programs.

Your Committees on Health and Public Assistance and Human Services are in accord with the intent and purpose of H.B. No. 1405, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1405, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representative Sutton.

SCRep. 377 Health on H.B. No. 1105

The purpose of this Act is to appropriate \$500,000 from the general revenues of the State of Hawaii for a grant-in-aid to Kuakini Medical Center.

Your Committee finds that the appropriation is needed for the planning, construction and equipping of the Progressive Health Care Building. Kuakini's Progressive Health Care Building will provide 100 intermediate care beds, 150 care home beds, and day care facilities for 100 elderly participants, in addition to their current facilities. Total project cost is estimated at \$9 million, which will be financed with private donations, a secured mortgage loan, and State grants-in-aid.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1105 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Sutton.

SCRep. 378 Health on H.B. No. 1138

The purpose of this Act is to appropriate funds to be expended by the Department of Health to maintain and continue services provided by the Arthritis Center of Hawaii.

Your Committee finds that the Arthritis Center of Hawaii provides a multidisciplinary treatment program offering the most beneficial care to patients in which services such as early detection, proper diagnosis, recommendations for treatment, instruction in self-care, and referral information to reduce pain and suffering and control crippling and disability. The Arthritis Center staff includes rheumatologists, orthopedic surgeons, nurse, occupational therapist, physical therapist and social worker, all prescribing the most modern, effective care for patients.

The Arthritis Center plans to become partially self-supporting during the coming biennium by initiating a fee-for-service system; therefore, they are requesting a smaller amount than in the past. Additional costs will be obtained from the fee-for-service system.

Your Committee recommends that personnel fringe benefits for persons other than M.D.'s shall be reduced from 25% to 22%.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1138 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 379 Health on H.B. No. 1508

The purpose of this Act is to appropriate a grant-in-aid for purposes related to expansion

of emergency room services at the Waianae coast comprehensive health center, Waianae, Oahu.

Your Committee finds that accessibility to medical services is the most important problem to area residents. In the last legislative session the WCCHC received funds for expanded hours from 7:00 p.m. to 10:00 p.m. six days a week.

Your Committee further finds that with the recent expansion, Waianae Coast residents are still left without readily accessible emergent medical care for 66 hours a week. As a result, residents find it necessary to make the long trip into Honolulu for emergencies. In certain medical emergencies, it is often the care received in the first few minutes that determines whether a life can be saved or the extent of injury can be reduced. It is the intent of the WCCHC to expand service hours from 10:00 p.m. to 12:00 midnight, six days a week. Testimony presented by the Department of Health indicates that there is a real need to extend the hours of available service.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1508, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 380

Health on H.B. No. 1681

The purpose of this bill is to establish a continuing nursing education fund to be administered by the Board of Nursing for approving continuing education offerings for nurses in Hawaii who have participated in continuing education programs. This bill also increases existing application and renewal fees for both registered and practical nurses.

Your Committee on Health heard testimony from the Hawaii Nurses Association and The Board of Nursing in support of this bill. The Board of Nursing has been administering a successful pilot project, a Continuing Education Approval and Recognition Program (CEARP) using an appropriation of \$42,250 made by the Legislature in 1975. Twenty-five percent of Hawaii's licensed registered and practical nurses are participating in 750 continuing education offerings. This performance met or surpassed national criteria for such programs. In March of 1978, support by the State of Hawaii ceased. At that time the Hawaii Nurses Association, Board of Directors agreed to continue limited financial support of the program.

The funds to be used for administration, record keeping, and operation of the Continuing Education Approval and Recognition Program will come from the assessment of nurses licenses. This bill establishes a continuing nursing education fund to provide, on a permanent basis, approval and recognition of continuing nursing education programs. This bill authorizes the Board of Nursing, with the approval of the director, to designate a percentage of the aggregate licensing fees to be paid into the fund.

Systematic learning experiences beyond the basic nursing preparation courses required for licensing are necessary to meet the ever changing and developing health needs of the people of the State of Hawaii. The careful monitoring of continuing education programs for nurses assures that they will be of value to the nurse participant. The recognition of nurses participating in continuing education programs is a form of peer review and helps to assure the employee and the public of the nurse's competence.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1681 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 381

Health on H.B. No. 1406

The purpose of this Act is to provide a grant-in-aid to the Hawaii Medical Association-Emergency Medical Services (HMA-EMS) program for continuing the instructional, training and re-training programs throughout the State.

Your Committee finds that the HMA-EMS program provides valuable training to professional and para-professionals in emergency medical care. The program also includes public education, research and development of information on handling emergencies. The goal of the EMS program is an improved comprehensive system of emergency medical services in Hawaii.

The HMA-EMS program is a key component in the State's medical care system as it provides vital training and re-training services to personnel involved in emergency services. Without the training, provided by EMS the quality of the State's emergency services would not be at the high level where it presently stands.

Your Committee on Health has amended the appropriation from \$687,000 to \$657,000.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1406 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1406, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Sutton.

SCRep. 382 Health on H.B. No. 1127

The purpose of this bill is to authorize hospitals operated by the State to accept credit cards for charges.

Testimony presented by the department of health indicates that usage of credit card transactions will become, in time, one of the major sources of bill collection for the state hospitals. Presently, credit card charges for funds owed to the State are routinely accepted by the University of Hawaii and the judiciary branch.

Your Committee has amended the bill to designate the comptroller as the party who shall determine which credit cards may be accepted for such payments.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1127, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1127, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Sutton.

SCRep. 383 Health on H.B. No. 1162 (Majority)

The purpose of this bill as received by your Committee in short form is to amend the laws relating to health. The purpose of this bill has been amended to authorize the issuance of special purpose revenue bonds to assist not-for-profit corporations providing health care to the general public to provide health care facilities.

Your Committee finds that the Constitutional Convention provided the State with the authority to authorize the issuance of special purpose revenue bonds to assist such corporations in obtaining moneys at a reduced interest rate. This bill is a companion bill to H.B. No. 25 which provides the necessary enabling legislation for the State to issue such bonds once authorized. Article VII, section 12, of the State Constitution requires the enabling legislation and the bond authorization legislation to be in separate bills.

Your Committee has amended this bill to authorize the department of budget and finance to issue special purpose revenue bonds for a multi-project health facility program for the following: Castle Memorial Hospital, \$5,235,000; for Kapiolani/Children's Medical Center, \$8,000,000; for Kuakini Medical Center, \$20,000,000; for Queen's Medical Center, \$20,000,000; for St. Francis Hospital, \$12,300,000; and for Wahiawa General Hospital, \$1,000,000.

Testimony presented by the Hawaii Hospital Association indicates that the combined interest savings of these six institutions amounts to \$1.02 million.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1162, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1162, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 384 Health on H.B. No. 1426

The purpose of this bill is to appropriate a grant-in-aid to the G. N. Wilcox Memorial Hospital and Health Center, Kauai for staff and operating costs, and to expand treatment

capabilities.

The Wilcox Memorial Hospital and Health Center is the only regional health center serving the entire island of Kauai. The Hospital provides five levels of care: (1) general and specialty physician outpatient clinic; (2) acute hospital; (3) and (4) combined skilled nursing facility (SNF) and intermediate care facility (ICF); and (5) Elderly Day Care Center.

The Committee has amended the appropriation from \$200,000 to \$148,000; and has also added a proviso that, in view of the financial status of the hospital, the Department of Health will monitor the operation of the hospital.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1426, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1426, H.D. 1 and be referred to the Committee on Finance.

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

SCRep. 385 Health on H.B. No. 318

The purpose of this Act is to implement a health counseling pilot project in two intermediate schools and two high schools.

Teenage pregnancy and childbearing present serious consequences and costs for teenagers, their children, families and society. Teenage parents risk greater emotional problems, including suicide. Education is often interrupted and chances to receive job training and opportunities for economic advancement are therefore limited.

A large number of sexually active adolescents lack the correct information and an awareness of contraceptive measures. The problem in teenage pregnancy is real and growing. The female population of 10 - 19 year olds grew from 69,778 in 1968 to 73,581 in 1977. The number of pregnancies in that age group rose from 1,856 in 1968 to 3,539 in 1977. The number of pregnancies in the age group under 15 also grew from 25 in 1968 - 69 in 1977. The pregnancy rate per 1000 for all adolescent women increased from 27 in 1968 to 47 per 1000 in 1977.

The counseling provided to both male and female would include health counseling, education, information and referral service which will concentrate on the problem of adolescent pregnancy and sexuality. The Health Counselors in the program will approach and work with students informally and formally. They will especially try and make contact with hard-to-reach adolescents and those that are high pregnancy risks. The Health Counselors' work will be centered around a discussion center that will be set up for students interested in sex-related concerns. They will also visit student councils and clubs, make and maintain contact with parent groups and youth agencies in the community, and make classroom presentations about their activities and program.

The Department of Education, Department of Health and Hawaii Planned Parenthood will be directly involved in the establishment of the counseling program.

Your Committee finds that there is a need for the establishment of such a counseling program as an effort to provide information to students to possibly prevent serious social and economic consequences.

The Committee has amended the bill to have the pilot project implemented at two intermediate schools and two high schools.

Your Committee on Health is in accord with the intent and purpose of H.B. 318 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 318, H.D. 1., and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Sutton.

SCRep. 386 Health on H.B. No. 76 (Majority)

The purpose of this bill is to appropriate funds for a feasibility study on the establishment of a year-round training center in Hawaii for prospective Olympic athletes, to be combined with a sports medicine clinic.

Your Committee finds that the concept of establishing a year-round Olympic training center in Hawaii, combined with a sports medicine clinic, holds considerable promise and merits further exploration. In view of widespread community interest in athletics, a tropical climate conducive to year-round athletic participation, and potentially significant benefits to Hawaii's visitor industry, the establishment of an Olympic training center appears to be highly appropriate at this time. The development of a sports medicine clinic in conjunction with the Olympic training center may provide Hawaii's people with opportunities to benefit from the expertise of medical professionals specifically trained in sports medicine.

Furthermore, federal funding for the operation of additional regional training centers in the United States is a distinct possibility, with the passage of P.L. 95-606, the Amateur Athletic Act of 1978, which authorizes \$8,000,000 to the United States Olympic Committee for the support of Olympic training facilities. Other sources of funding to develop training facilities may also be available. These funds may also assist in the development of a sports medicine clinic. The availability of these funding sources lends further support to the need for a feasibility study.

Your Committee has amended this bill to appropriate the sum of \$60,000 to the Office of the Legislative Reference Bureau for the purpose of carrying out this feasibility study.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 76, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 76, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Baker and Ushijima.
(Representatives Lacy and Sutton did not concur.)

SCRep. 387

Health on H.B. No. 1403

The purpose of this Act is to provide for the care and treatment of those persons suffering from catastrophic diseases by providing financial assistance.

Hemophilia is an incurable disorder of the blood clotting system. The costs of medical care and treatment of hemophilia for one person may exceed \$15,000 to \$20,000 annually. Even with insurance coverage, most families or individuals cannot afford the considerable expenses required for their medical needs. The alternatives for hemophiliacs are (1) to work and have most if not all income go towards payment of medical costs, (2) to go on welfare. The qualifications for welfare benefits prevents these individuals from engaging in gainful employment for fear of losing their welfare benefits. There are presently 37 individuals with hemophilia in Hawaii. Twenty three of these persons are 18 years of age or older, 11 or whom are now receiving welfare benefits. It was stated that those 11 would go to work if they could receive financial assistance in addition to income earned from gainful employment.

For the young man with a family or on his own, either alternative means necessarily that he be denied or have greatly stifled the normal aspirations of one who seeks to achieve or improve his lifestyle. The costs of hemophilia present a serious economic and psychological burden.

The intent of this legislation is to allow hemophiliacs, persons who are physically capable and very much willing to work, the opportunity to do so, and still provide them financial assistance. The hemophiliac as a working, contributing member of society can better maintain his self-esteem. Without this legislation the State would have to provide welfare payments as well as Medicaid assistance.

Your Committee has amended the bill as follows:

- (1) Including an amended assessment schedule;
- (2) Eliminating the qualifying medical cost;
- (3) Changing the definition of catastrophic disease;
- (4) Limiting the availability of funds to be used for the program established by the bill to the amount appropriated by the bill;
- (5) Providing an annual ceiling of \$10,000 which a family can receive under this Act.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1403, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1403, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Baker, Ushijima and Lacy.

SCRep. 388 Health on H.B. No. 918

The purpose of this act is to appropriate a grant-in-aid to assist funding of one existing group home for treatment of deaf-blind multi handicapped children in Hilo, and also for individual counselor salaries.

There are presently 4 children in Hilo under the Associations treatment program. Testimony presented by the Department of Health and State Planning and Advisory Council on Development Disabilities state that the funds would allow these four children to remain in Hilo, rather than being placed in Waimano Training School and Hospital.

Your Committee has amended the appropriation from \$60,000 to \$41,000.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 918, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 918, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Sutton.

SCRep. 389 Health on H.B. No. 1322

The purpose of this bill is to exclude minor providers of health service from coverage under the certification of need law as organized ambulatory health care facilities.

Testimony presented by the Department of Health indicates that the law presently is so inclusive that it requires small medical groups and some cooperatives of two physicians to acquire a certificate of need before acquiring a new office site or moving to another. The definition of organized ambulatory health care facilities was written with the intent of including major medical groups under certificates of need law when they establish new offices. There are however, 70 or 80 small providers who fall under this definition and therefore require a certificate of need before they can establish a new office or move to a different location.

SHFDA which authorizes the issuance of certificates of need has testified in favor of allowing the exclusion of such "minor" providers as it is beyond the intent of the law.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1322, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1322, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 390 Transportation on H.B. No. 573

The purpose of this bill is to appropriate \$100,000 for the widening of Kamehameha Highway at Poamoho in Wahiawa, Oahu. Your Committee concurs with Department of Transportation testimony that the sum appropriated is sufficient to widen Kamehameha Highway where it intersects with Poamoho Camp Road.

Your Committee recommends that the source of funds for this project be changed from general fund revenues to highway special fund revenues and has amended Section 1 of this bill to read as follows:

"SECTION 1. There is appropriated out of the highway special fund revenues of the State of Hawaii the sum of \$100,000, or so much thereof as may be necessary, for the widening of Kamehameha Highway at Poamoho in Wahiawa, Oahu."

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 573, as amended herein, and recommends that it pass Second Reading in the form

attached hereto as H.B. No. 573, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 391 Transportation on H.B. No. 572

The purpose of this bill is to appropriate \$20,000 for the installation of street lights along Kamehameha Highway from Karsten Thot Bridge to Whitmore Avenue in Wahiawa, Oahu. Your Committee agrees with Department of Transportation testimony recommending that the sum appropriated be increased from \$20,000 to \$30,000 and that the source of funding be changed from general fund to highway special fund revenues. Your Committee has amended Section 1 to read as follows:

"SECTION 1. There is appropriated out of the highway special fund revenues of the State of Hawaii the sum of \$30,000, or so much thereof as may be necessary, for the installation of street lights along Kamehameha Highway from Karsten Thot Bridge to Whitmore Avenue, Wahiawa, Oahu."

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 572, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 572, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 392 Transportation on H.B. No. 430

The purpose of this bill is to require any City or County with a population in excess of 100,000 to impose an annual charge of 50¢ on all registered vehicles. The revenues produced by this charge would be used for highway beautification and disposal of abandoned vehicles.

In 1976, the City Administration introduced and supported passage of a bill for a staggered registration system for motor vehicles. The House Judiciary Committee redrafted the bill and in the process of amending Section 286-51, HRS, deleted the paragraph dealing with the Highway Beautification and Disposal of Abandoned Vehicles Revolving Fund. Your Committee recommends that Section 1 of this bill be amended so that the authority to collect the 50¢ is returned to the City.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 430, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 430, H.D. 1 and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 393 Transportation on H.B. No. 574

The purpose of this bill is to appropriate \$50,000 for plans for a truck lane on Kamehameha Highway between Wahiawa and Haleiwa, Oahu. Your Committee concurs with the Department of Transportation which testified that the sum requested is adequate to prepare construction plans for the initial one-half mile segment of a 4.3-mile continuous truck climbing lane. Your Committee agrees with the department that the truck climbing lane be constructed in increments beginning outside of Wahiawa and extending back towards Haleiwa.

Your Committee recommends that the source of funds for this project be changed from general fund revenues to highway special fund revenues and has amended Section 1 of this bill to read as follows:

"SECTION 1. There is appropriated out of the highway special fund revenues of the State of Hawaii the sum of \$50,000, or so much thereof as may be necessary, for plans for a truck lane on Kamehameha Highway between Wahiawa and Haleiwa, Oahu."

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 574, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 574, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 394 Transportation on H.B. No. 255

The purpose of this bill is to appropriate funds for the construction of a boat ramp at Honuapu in the district of Ka'u, County of Hawaii.

Your Committee agrees with the Department of Transportation's testimony in support of this bill and recommends that the area to be considered for a boat ramp be extended to include the South Point, Ka'u Coastline. The reason for the recommendation was that in-depth studies by the Department of Transportation indicated that Honuapu Bay area may not be the most suitable site for a boat ramp. The Department of Transportation's testimony also stated that the sum of \$65,000 would be sufficient to design and construct such a boat ramp.

Your Committee recommends that Section 1 of this bill be amended to read as follows:

"SECTION 1. There is appropriated out of the general revenues of the State of Hawaii the sum of \$65,000, or so much thereof as may be necessary, for the planning of a boat ramp in the district of Ka'u, County of Hawaii."

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 255, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 255, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 395 Transportation and Education on H.B. No. 1059

The purpose of this bill is to appropriate funds for various Capital Improvement Projects in the twentieth district of Hawaii.

Your Committees agree with the Department of Transportation's recommendation to revise Section 1, Part B of this bill as follows: (Item 2) increase Kamehameha Highway project funds from \$180,000 to \$200,000; (Item 3) increase construction of Farrington Highway retaining wall project fund from \$20,000 to \$40,000; and (Item 4) revise Tax Map Key Nos. to TMK 9-4-15-20 and TMK 9-4-14-1.

Your Committees have also amended Section 1, Part B of this bill by changing the funding sources from general revenues to highway special fund revenues.

Your Committees have added Section 2 to this bill to provide that any unexpended or unencumbered balance of any appropriation made by this Act as of the close of business on June 30, 1982 shall lapse into the general fund. Your Committees have also added a Section 3 to provide that the Act shall take effect upon its approval.

Your Committees on Transportation and Education are in accord with the intent and purpose of H.B. No. 1059, as amended herein, and recommends that this House bill pass Second Reading in the form attached hereto as H.B. No. 1059, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Kawakami, Segawa, Ushijima and Anderson.

SCRep. 396 Transportation and Education on H.B. No. 1152

The purpose of this bill is to appropriate funds for various Capital Improvement Projects in the twenty-second district of Hawaii.

Your Committees note that Section 1, Subsection Department of Transportation, items (1), (2), (3), Subsection Department of Education, items (1), (2), (3), are currently under consideration in separate bills, and are being deleted from this bill. Section 1, Subsection Department of Transportation, item (5), and Section 1, Subsection Department of Education item (4) are also under consideration as Capital Improvement Projects, and are being deleted from this bill.

Your Committees agree with the Department of Transportation, that the appropriation for Section 1, item (4) is insufficient to relieve Farrington Highway drainage problems. Your Committees recommend that the amount appropriated for Section 1, item (4) be revised from \$25,000 to \$150,000. For the purpose of consistency, Section 1 Subsection

Department of Transportation, item (4) has been changed to item (1) and Section 1 Sub-section Department of Education, item (5) has been changed to the item (1).

Your Committees on Transportation and Education are in accord with the intent and purpose of H.B. No. 1152, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1152, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Kawakami, Segawa and Anderson.

SCRep. 397 Transportation and Water, Land Use, Development and Hawaiian Affairs on H.B. No. 1440

The purpose of this bill is to appropriate to the State of Hawaii the sum of \$1,080,000 or so much thereof as may be necessary, for grants-in-aid for the County of Hawaii.

The sum appropriated shall be expended by the County of Hawaii 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, 1982 shall lapse into the highway special fund.

Your Committees have amended Section 1 of this bill by changing the funding source from general revenues to highway special fund revenues.

Your Committees on Transportation and Water Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 1440, as amended herein, and recommends that this House bill pass Second Reading in the form attached hereto as H.B. No. 1440, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representative Uechi.

SCRep. 398 Consumer Protection and Commerce and Transportation on H.B. No. 1430

The purpose of this bill is to revise the present laws relating to odometers.

H.B. No. 1430 was introduced as a short-form bill containing only a general idea as to its purpose and means without specific details. Your Committees have amended the bill to provide the substantive contents of the bill and to facilitate public hearing of the bill.

This bill provides the Director of the Department of Transportation with statutory authority to amend by rule and regulation commercial odometer accuracy requirements to conform with federal standards.

Your Committees on Consumer Protection and Commerce and Transportation are in accord with the intent and purpose of H.B. No. 1430, as amended herein, and recommends that it be recommitted to the Committee on Transportation, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 1430, H.D. 1.

Signed by all members of the Committees except Representative Uechi.

SCRep. 399 Health on H.B. No. 1663

The purpose of this bill is to amend the State Vocational Rehabilitation Law for the purpose of clarifying, updating, and conforming this state law to the most recent amendments and regulations made to the Federal Vocational Rehabilitation Law and to permit greater flexibility in providing vocational rehabilitation services to the handicapped.

Hawaii's Vocational Rehabilitation Law was first enacted in 1955 and since this time, the State has received federal funds authorized under the Federal Vocational Rehabilitation Law enacted in 1954. Several amendments have been made to this federal law and revisions are now needed to conform state law to these changes and also to continue the State's eligibility for federal funds, currently operating on a 20% state and 80% federal matching basis.

Your Committee further finds that amendments to the present statutes are needed to

permit the Legislature and the State administration flexibility in providing vocational rehabilitation services to the handicapped. For example, the present statute requires the State to provide services to all eligible handicapped persons who are in need and request assistance. Under this provision, the Department of Social Services and Housing does not have the discretion to exercise some control over costs by determining under what circumstances and how much maintenance will be provided to eligible handicapped individuals. Without the proposed statutory changes, the potential impact of this provision on the State's diminishing budgetary resources is substantial and it may not be possible for the State to control future costs of its vocational rehabilitation programs.

However, to ensure that vocational rehabilitation services to handicapped persons will not be arbitrarily diminished by administrative action, your Committee has amended lines 5-7 on page 1 of the bill to read as follows: "Vocational rehabilitation services shall be provided to [residents] handicapped persons throughout the State within the limits of available federal, state, and private funds." We believe that this statement more clearly reflects the Committee's concern for maintaining costs of the program within the limits of available funds.

Your Committee has also made a technical amendment to the bill by repealing Section 348-4, Hawaii Revised Statutes, and incorporating these provisions under Sections 348-1 and 348-3 of the Hawaii Revised Statutes. Sections of the bill relating to Sections 348-5 and 348-7, Hawaii Revised Statutes, were deleted as no amendments were being made to present statutes.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1663, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1663, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 400 Health on H.B. No. 553 (Majority)

The purpose of this bill as received by your Committee in short form is to ensure the provision of adequate health facilities in the State. The purpose of the bill has been amended to provide enabling legislation to allow counties to issue special purpose revenue bonds for not-for-profit corporations providing health care facilities to the general public.

Your Committee finds that enabling the counties to issue special purpose revenue bonds for not-for-profit corporations providing health care to the general public is in the public interest. The cost of providing health care in this State has continually risen during the last decade. By allowing the counties to issue special purpose revenue bonds to assist such health care providers, the cost of building health care facilities will be reduced since the interest on special purpose revenue bonds providing financing for such health care facilities is exempt from taxation by the state or federal government. By being exempt from taxation, interest may be obtained at a lower level and health care will be provided the general public at the same level for a lower price.

Your Committee finds that the issuance of special purpose revenue bonds under the Constitution does not constitute part of the county-funded debt and that such bonds will not count against the county debt ceiling. Your Committee further finds that under Article VII, section 12, of the State Constitution, special purpose revenue bonds are not secured either directly or indirectly by the credit of the counties, nor may any revenues or taxes of the counties be used as security or to pay for such bonds. Testimony was introduced indicating that the issuance of such bonds has not in other states and will not in this State affect the credit rating of the counties, but that such bonds are sold based on the credit rating of the not-for-profit corporations for whom facilities will be funded by special purpose revenue bonds.

Your Committee has amended the bill to allow the issuance of special purpose revenue bonds by the counties. In so amending the bill, your Committee has provided for the following:

- (1) Allowed the counties to issue special purpose revenue bonds to finance or refinance health care facilities which are defined to include any structure directly or indirectly related to the provision of health care to the general public.
- (2) Provided that the issuance of such bonds does not relieve any health care facility from complying with state and county laws, ordinance, rules and regulations, including

those relating to health care planning, zoning, and building permits.

(3) Required that the counties shall be reimbursed for all expenses associated with entering into any agreement concerning special purpose revenue bonds for health care facilities and also required that the counties determine that any party involved is a responsible party.

(4) Provided that any such not-for-profit corporation shall contract with the counties to pay sums sufficient to pay for the principal and interest on such bonds, to maintain a reserve as required, and to pay all fees and expenses of the counties.

(5) Provided the counties with all the necessary powers to issue special purpose revenue bonds and special purpose revenue bond anticipation notes.

(6) Provided that such bonds shall only be paid from revenues derived from payments made to the counties by such not-for-profit corporations and that such bonds shall be secured solely by such facilities.

(7) Provided that no holder of a special purpose revenue bond has the right to compel the exercise of any taxing power of the counties to pay for such bonds or the interest thereon. Further provided that such bonds are not a general obligation of the counties, are not secured by the full faith and credit of the counties, and that no county revenues or taxes are pledged to the payment of such bonds.

(8) Provided that special purpose revenue bonds and the income and interest therefrom are exempt from all state, county, and municipal taxation, except inheritance, transfer, and estate taxes.

(9) Provided that the counties may issue special purpose revenue bonds under this bill only during the period July 1, 1979 to June 30, 1980.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 553, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 553, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 401 Health on H.B. No. 25 (Majority)

The purpose of this bill as received by your Committee in short form is to provide enabling legislation for the issuance of special purpose revenue bonds for not-for-profit corporations providing health care facilities to the general public.

Your Committee finds that enabling the State to issue special purpose revenue bonds for not-for-profit corporations providing health care to the general public is in the public interest. The cost of providing health care in this State has continually risen during the last decade. By allowing the State to issue special purpose revenue bonds to assist such health care providers, the cost of building health care facilities will be reduced since the interest on special purpose revenue bonds providing financing for such health care facilities is exempt from taxation by the state or federal government. By being exempt from taxation, interest may be obtained at a lower level and health care will be provided the general public at the same level for a lower price.

Your Committee finds that the issuance of special purpose revenue bonds under the Constitution does not constitute part of the state-funded debt and that such bonds will not count against the state debt ceiling. Your Committee further finds that under Article VII, section 12, of the State Constitution, special purpose revenue bonds are not secured either directly or indirectly by the credit of the State, nor may any revenues or taxes of the State be used as security or to pay for such bonds. Testimony was introduced indicating that the issuance of such bonds has not in other states and will not in this State affect the credit rating of the State, but that such bonds are sold based on the credit rating of the not-for-profit corporations for whom facilities will be funded by special purpose revenue bonds.

Your Committee has amended the bill to allow the issuance of special purpose revenue bonds by the department of budget and finance. In so amending the bill, your Committee has provided for the following:

- (1) Allowed the department to issue special purpose revenue bonds to finance or refinance health care facilities which are defined to include any structure directly or indirectly related to the provision of health care to the general public.
- (2) Provided that the issuance of such bonds does not relieve any health care facility from complying with state and county laws, ordinance, rules and regulations, including those relating to health care planning, zoning, and building permits.
- (3) Required that the State shall be reimbursed for all expenses associated with entering into any agreement concerning special purpose revenue bonds for health care facilities and also required that the department determine that any party involved is a responsible party.
- (4) Provided that any such not-for-profit corporation shall contract with the department to pay sums sufficient to cover the principal and interest on such bonds, to maintain a reserve as required, and to pay all fees and expenses of the State.
- (5) Provided the department with all the necessary powers to issue special purpose revenue bonds and special purpose revenue bond anticipation notes.
- (6) Provided that such bonds shall only be paid from revenues derived from payments made to the department by such not-for-profit corporations and that such bonds shall be secured solely by such facilities.
- (7) Provided that no holder of a special purpose revenue bond has the right to compel the exercise of any taxing power of the State to pay for such bonds or the interest thereon. Further provided that such bonds are not a general obligation of the State and are not secured by the full faith and credit of the State and that no state revenues or taxes are pledged to the payment of such bonds.
- (8) Provided that special purpose revenue bonds and the income and interest therefrom are exempt from all state, county, and municipal taxation, except inheritance, transfer, and estate taxes.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 25, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 25, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 402 Youth and Elderly Affairs on H.B. No. 79 (Majority)

The purpose of this bill is to amend Chapter 350-1, Hawaii Revised Statutes, by including and mandating police officers to report cases of suspected child abuse and neglect to the Department of Social Services and Housing so that necessary remedial action and follow-up can take place to prevent incidents of this nature from recurring.

Your Committee finds that under the present statute police officers are not mandated to report cases of suspected child abuse and neglect and that reporting incidents of this nature to the Department of Social Services and Housing is done strictly on a voluntary basis.

According to the testimony presented, the Department of Social Services and Housing has cooperative working agreements with various county police and law enforcement agencies; however, each agency determines whether, when, and how they will report. Not all cases of child abuse and neglect are reported to the Department of Social Services and Housing including such serious incidents as parental sexual abuse or even death of a child resulting from abuse.

Your Committee recognizes that some county police and law enforcement agencies have implemented procedures to report cases of suspected child abuse and neglect to the Department of Social Services and Housing. A need still exists to close the gaps in the present reporting law by emphasizing uniformity of the reporting requirement and the extension of social services to children and their siblings who need protection from disturbed parents.

Your Committee has amended H.B. No. 79 to add law enforcement officers as well as police officers to those required to report orally incidents of child abuse and neglect

and to exempt such officers from following up an oral report with a written report unless so requested by the Department of Social Services and Housing after it has confirmed the oral report of an incident of child abuse.

Your Committee on Youth and Elderly Affairs is in accord with the intent and purpose of H.B. No. 79, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 79, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 403 Employment Opportunities and Labor Relations on H.B. No. 562
(Majority)

The purpose of this bill is to provide lump sum death benefits of \$12,500 to each non-dependent parent of the deceased, provided that the deceased has no dependents entitled to benefits under the law.

Existing law does not provide death dependency benefits for a parent or parents who are not dependent upon, or are unable to establish that they were, or are fully or partially dependent upon the deceased worker. If there are no dependents entitled to benefits, the employer is required to pay the sum prescribed in Section 386-41(d), Hawaii Revised Statutes into the special compensation fund.

The Department of Labor and Industrial Relations agrees with the concept that non-dependent parent or a deceased unmarried worker is entitled to some recompense for loss of his or her child because of death from a work-incurred injury.

Your Committee also believes that the concept of providing compensation to non-dependent parents of a deceased worker is sound and appropriate. However, your Committee feels that the providing of death benefits in lump sum without limitation is not appropriate. Your Committee therefore has amended this bill to provide that such compensation benefits to non-dependent parents be in the lump sum provided that the non-dependent parent's or non-dependent parents' income is less than two times the poverty level income for Hawaii as published by the United States Office of Management and Budget.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.B. No. 562, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 562, H.D. 1 and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
(Representatives Masutani, Ikeda and Marumoto did not concur.)

SCRep. 404 Employment Opportunities and Labor Relations on H.B. No. 587

The purpose of this bill is to extend coverage of the Hawaii Wage and Hour Law to nonsupervisory employees, employed at guaranteed compensation of \$700 or more per month, who are presently excluded from overtime protection.

Presently, an individual guaranteed a compensation of \$700 or more per month is exempt from the Hawaii Wage and Hour Law regardless of the type of work performed. The employer is therefore not required to pay overtime compensation for hours worked in excess of 40 in a workweek. A nonsupervisory worker whose duties are predominantly manual and whose position was intended to be covered by the overtime pay provision is presently not protected by the law if paid at least \$700 a month salary. This bill would abolish the exemption and provide overtime protection to such an individual.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.B. No. 587 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 405 Employment Opportunities and Labor Relations on H.B. No. 588

The purpose of this bill is to amend Section 383-103(b), Hawaii Revised Statutes, relating to the Hawaii Employment Security Law, to allow the attorney general, in addition to the public prosecutor or county attorney, to prosecute all criminal actions for violations of the Employment Security Law.

At present, violations of the Hawaii Employment Security Law are prosecuted by the public prosecutor or county attorney.

The Department of Labor and Industrial Relations believes that the enactment of this bill will strengthen the administration of the Hawaii Employment Security Law. In almost all cases brought before the court by the county prosecutors or attorneys, the prosecutors or attorneys were able to obtain convictions. The department found, however, that its cases were given low priority on prosecution actions. This problem can be overcome by utilizing the services of a deputy attorney general whose top priority will be to prosecute all unemployment insurance fraud cases.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.B. No. 588 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 406 Employment Opportunities and Labor Relations on H.B. No. 589

The purpose of this bill is to adjust the method of reflecting increases or decreases in Department of Labor and Industrial Relations' Regulation XXXI, the Workers' Compensation Medical Fee Schedule.

Existing law provides that these adjustments are tied to the increases or decreases in the Consumer Price Index for the Honolulu region prepared by the Bureau of Labor Statistics of the United States Department of Labor.

In January 1978, the Department of Labor changed the method of computing the index by adjusting it bi-monthly instead for quarterly as previously done. This bill would conform the State method to the new federal method of computing the index.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.B. No. 589 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 407 Consumer Protection and Commerce on H.B. No. 595

The purpose of this bill is to provide the motor vehicle insurance commissioner with the specific authority to establish standards for the prompt, fair and equitable disposition of all claims arising out of motor vehicle accidents.

Under present law, sections 294-37(2) and 431-31(c), Hawaii Revised Statutes, assigns to the motor vehicle insurance commissioner all the powers and duties with respect to motor vehicle insurance that have been delegated to the director of regulatory agencies, including the promulgation, amending and repeal of regulations. However, according to an Attorney General letter opinion dated February 21, 1979, there is an uncertainty as to whether statutory authority exists to set standards for the prompt, fair and equitable settlement of all motor vehicle accident claims. Further, the commissioner's jurisdictional authority in this area has in the past been questioned regarding claims based on tort liability rather than no-fault insurance because the above mentioned statutes deal only with motor vehicle insurance and are silent as to tort claims arising out of motor vehicle accidents.

Your Committee feels that this standard setting authority is an integral part of the function of the commissioner in the discharge of his duties relating to claims settlement arising from all motor vehicle accidents. Your Committee therefore finds itself in agreement with the intent of this bill to clarify the existing law and to expressly authorize the commissioner to ensure that claims arising from motor vehicle accidents be disposed of in a prompt, fair and equitable manner by providing authorization to promulgate, amend and repeal

regulations relating thereto.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 595 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 408 Consumer Protection and Commerce on H.B. No. 445

The purpose of this bill is to reduce the number of motor vehicle license plates and validation tags or emblems stolen to avoid payment of vehicle registration fees and taxes.

Present law requires the motor vehicle validation tag or emblem to be affixed to the rear license plate. Your Committee finds from the testimony presented that placing the tag or emblem inside a vehicle will reduce the opportunity for theft that currently exists when said tags or emblems are affixed to the vehicle's exterior.

While in agreement with the intent of this bill, your Committee feels that each county should have the option of requiring the tags or emblems to be displayed from the rear license plate of vehicles registered in that county. Accordingly, your Committee has amended H.B. No. 455 to so reflect that option.

Your Committee has also amended this bill to make noncompliance thereof a violation instead of a misdemeanor. Said amendment will bring the penalty provision in compliance with section 701-107(5), Hawaii Revised Statutes.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 445, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 445, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Garcia.

SCRep. 409 Consumer Protection and Commerce on H.B. No. 168

The purpose of this bill is to eliminate the restrictions and regulations currently imposed on the operation of ball or marble machines.

Present law provides penalties for the failure to register ball or marble machines with the county and for permitting minors to loiter about or play such machines.

Your Committee is aware of a proliferation of new electronic amusement devices. These new machines do not require a license. Your Committee feels that requiring a license for ball or marble machines is no longer warranted. Your Committee also feels that, as they may freely play the newer games, minors should not be prevented from playing ball or marble machines.

Your Committee is also aware of the decision in *State of Hawaii v. Floyd Bloss*, D.C. No. 1977-7175, January 20, 1978, in which the Court considered serious constitutional questions raised in opposition to the validity of Section 445-43, Hawaii Revised Statutes, and found it unconstitutional.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 168 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 410 Consumer Protection and Commerce on H.B. No. 159 (Majority)

The purpose of this bill is to provide for the representation of dental hygienists on the Board of Dental Examiners.

Under present law the nine member board is composed of seven dentists and two lay persons. This bill would modify the board's composition to six dentists, two lay persons, and one dental hygienist. Your Committee finds that it is in the best interests of the dental

hygiene profession and the dental health care system in general to provide for the representation of dental hygienists on the board that regulates them.

While in accord with the intent of this bill, your Committee finds that the representation of dentists on the board should remain at seven because of the nature of the board's duties in licensing and investigating complaints against dentists. Your Committee has therefore amended H.B. No. 159 by increasing the board membership from nine to eleven by adding one new lay member and one dental hygienist and by retaining seven dentists on the board as required by present law. Your Committee has also amended the bill's date of taking effect to the date of approval.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 159, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 159, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
(Representatives Honda, Lee, Uechi and D. Yamada did not concur.)

SCRep. 411 Consumer Protection and Commerce on H.B. No. 452

The purpose of this bill is to regulate and monitor the installation and use of burglar and holdup alarm systems.

This bill establishes a procedure whereby any person engaged in business relating to the selling, leasing or maintaining of burglar alarms is required to obtain a permit from and present evidence of financial responsibility to the Chief of Police. Further, more than four false alarms originating from an alarm system will result in an assessment of \$200 for each subsequent false alarm to be levied against the person who sold, maintained, leased, repaired or altered said system.

Your Committee finds from the testimony presented that false alarms caused by faulty or inadequate alarm systems result in major costs of police manpower, time and wages and are therefore an inefficient use of police services. Your Committee is in agreement with the intent of this bill to reduce the magnitude of this problem.

This bill also provides for a licensing fee for those engaged in the alarm business; however, the amount of the fee is unspecified. Your Committee recommends that this bill be amended to specify that the fee be \$25.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 452, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 452, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Garcia.

SCRep. 412 Judiciary on H.B. No. 435

The purpose of this bill is to make commercial bribery a class C felony when the benefits received from such offense exceed \$1,000.

Under present law, the offense of commercial bribery is punishable as a misdemeanor. Your Committee has heard testimony that the practice of exchanging monetary consideration to influence the discretion of officers in private corporations is perhaps more prevalent and of greater public concern than this misdemeanor classification would warrant.

Your Committee heard further testimony that the doing of small favors to influence those with whom one does business could be, and usually is, relatively innocuous. The line between such favors and legitimate sales promotion or "commission" is often hard to define. When, however, the size of such favors reach large sums, especially in publicly held corporations or in those dealing with the money of others, it can cause harm to large numbers of unsuspecting and unaware members of the public.

Present law is inadequate to deal with this practice for three basic reasons:

(1) A misdemeanor penalty acts as an insufficient deterrent to those who engage in practices which may result in large financial gains to themselves;

(2) Because of the limited severity with which existing law treats this practice, law enforcement agencies are sometimes reluctant to allocate a sufficient amount of their investigative resources to pursue the frequently arduous investigation which this type of offense often entails; and

(3) The shorter statute of limitations for misdemeanors often means that prosecution is barred by the time the matter comes to the attention of responsible government agencies and can be properly investigated.

Your Committee finds that increasing the classification of commercial bribery, when the benefits received is in excess of \$1,000, from a misdemeanor to a class C felony, will effectively rectify these problems.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 435 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 413 Judiciary on H.B. No. 1004

The purpose of this bill is to make the defense of duress set forth in section 702-231, Hawaii Revised Statutes, an affirmative defense.

Presently, section 702-231 does not specifically designate the defense of duress as an affirmative defense, although traditionally it is considered as such. This bill would make it an affirmative defense by requiring a defendant who raises it to prove the facts constituting the defense by a preponderance of the evidence.

Your Committee received testimony that present law relating to the defense of duress places an unreasonable burden upon the State to prove a defendant's guilt because it not only adds another element for the State to prove, or disprove in this instance, but the defense is such that it would be fairer to require the defendant to establish it by a preponderance of the evidence than to have the State disprove it beyond a reasonable doubt. Moreover, the commentary to the Penal Code indicates that the drafters thereof had intended for duress to be an affirmative defense, but apparently through an oversight, failed to make it one.

Your Committee finds that the defense of duress should be an affirmative defense, that no unreasonable burden would thereby be placed upon defendants, that the drafters of the Penal Code had so intended it to be, and that the proper functioning of the State's criminal justice system requires that such a defense be an affirmative one.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1004 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 414 Judiciary on H.B. No. 921

The purpose of this bill is to enable an abused spouse or any person residing with another to obtain a court order restraining that other person from contacting, threatening or physically abusing him or her. Under present law such a restraining order is normally granted only after an action for annulment, divorce, or separation has been commenced.

Your Committee recognizes that many cases of domestic violence occur prior to any matrimonial action, and that the law should provide a means for protection of these persons despite the absence of a prior action in court. This is also true in the case of those residing together but not legally wed. The seriousness of domestic violence cases was brought to the attention of your Committee by testimony which revealed that a high percentage of cases of homicide are between spouses or other family members.

Your Committee amended the bill by clarifying some terminology used. In Section - 1 of the bill, which specifies the situations for which a temporary restraining order may be granted, the word "harassing" was changed to "threatening". This is in accord with testimony indicating that a judge would more easily be able to determine "threatening" as opposed to "harrassing" behavior. Section -1 also makes the restraining order binding

not only upon the person to whom it is directed, but also his "officers, agents, servants, employees, attorneys or any other persons in concert" with him. This change recognizes the possibility that a person may attempt to evade an order directed to him by acting through his agents.

Testimony on the bill also suggested that extensions of the order should be provided. The bill as originally drafted provides for an order of 30 days, without extension. Your Committee is in accord with testimony that this gives a party only that amount of time to reconcile or decide on a matrimonial action, such as a legal separation or divorce. The bill has therefore been amended to provide for extensions at the discretion of the court, provided that a hearing is held before each extension.

Finally, your Committee amended Section -4 of the bill which deals with remedies for violation of temporary restraining orders. This section was clarified to provide that any willful violation of a court order would be a misdemeanor, and any other violation could be treated by the court as a civil contempt, with the appropriate remedies therefore.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 921, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 921, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 415 Judiciary on H.B. No. 861

The purpose of this bill is to increase the minimum age of a person to whom it shall be unlawful to sell or furnish tobacco and to increase the fine for a violation of such prohibition.

Presently, section 445-212 of the Hawaii Revised Statutes provides that it is unlawful to sell or furnish tobacco to persons under the age of fifteen years and section 445-213 provides for a fine of \$100 for a violation of section 445-212. This bill raises the age to eighteen, increases the fine to \$500, and combines the two sections into one section 445-212(a) and (b).

Your Committee agrees that the age of a person below which it is illegal to sell or furnish tobacco should be raised to eighteen. However, your Committee feels that increasing the fine from \$100 to \$500 is unreasonable, recommends that the \$100 fine be retained, and amends this bill accordingly.

In addition, your Committee notes a typographical error on line 4 and has taken the appropriate corrective action.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 861, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 861, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 416 Judiciary on H.B. No. 923

The purpose of this bill is to reduce the number of books and other library materials that are being lost by State libraries through the failure of borrowers to return them.

Your Committee received testimony that presently there are no sanctions against a person who fails to return library books or materials on time. Moreover, there are no sanctions even if such a person fails to return such books and materials at all. This bill would make the wilful and knowing detention of such books and materials theft by making it part of the definition of theft found in section 708-830, Hawaii Revised Statutes.

Your Committee received additional testimony that the volume and dollar loss faced by our State libraries due to irresponsible borrowers is reaching serious proportions. Accordingly, your Committee finds that sanctions should be enacted to deter such irresponsibility and to give the libraries some means of reducing their book losses.

However, by making the wilful detention of books and other materials a form of theft, such behavior would be classified under our penal code as a petty misdemeanor, a misdemeanor, or a class C felony, depending upon the dollar value of the books/materials involved.

Your Committee feels that at most a transgression in this area should be a violation, and has amended the bill to reflect this concern.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 923, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 923, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 417 Judiciary on H.B. No. 723

The purpose of this bill is to impose specific civil penalties against persons or business entities that submit fraudulent claims against the State.

Inasmuch as present law only provides for the forfeiture of a fraudulent claim which has been made against the State, it does not serve as an effective deterrent since the worst that can happen is that the claim will be denied and forfeited. This bill would allow for specific civil penalties to be assessed including payment of interest on excess payments received, payment of an amount not to exceed double the amount of the excess payment, and a penalty in the sum of \$1,000 for each fraudulent claim made against the State. These remedies would be cumulative in order that the State has the flexibility to obtain the maximum deterrent effect, and would be sought in an administrative proceeding.

Your Committee received testimony that the provisions contained in this bill are similar to existing Federal and other state laws providing the same type of relief, that the civil penalties would act as a sufficient deterrent, and that requiring an administrative hearing would be less costly in terms of investigation and expense than those involved in a civil trial.

Your Committee agrees with the testimony received but notes that requiring a department to seek and recover the penalties provided in this bill via an administrative hearing may be counterproductive in that such department may not have the ability to do so. Accordingly, your Committee has amended the bill to provide that a department may either conduct an administrative hearing or bring a civil action to recover such penalties.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 723, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 723, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 418 Judiciary on H.B. No. 696

The purpose of this bill is to require the Department of Health to issue birth certificates to foreign born individuals who are adopted in Hawaii. At present the Department issues such certificates only to adoptees born in Hawaii.

Your Committee is in agreement with testimony received that the lack of a locally issued birth certificate can be a significant handicap to a foreign-born adopted child. Your Committee heard testimony that absence of such a birth certificate often presents difficulties in applying for entrance to school or for enlistment in the armed forces, or to obtain a work permit, driver's license, marriage license, State I.D. card, passport, or travel visa. However, the birth certificate would not constitute evidence of United States citizenship, and the bill requires that this fact be indicated on the face of the certificate.

Testimony by the Department of Health requested a deletion in the bill of a requirement that the Department issue a new certificate of birth if the adopted person became naturalized. The Health Department testified, and your Committee is in agreement, that such a requirement is not necessary because the individual could use his naturalization papers in conjunction with his locally issued birth certificate to achieve the same result as might be achieved by a new certificate. Therefore, your Committee has amended the bill to delete this requirement.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 696, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 696, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 419 Judiciary on H.B. No. 398

The purpose of this bill is to make the defense of choice of evils an affirmative defense.

Your Committee has heard testimony that under present law the defense of choice of evils is not specifically designated as an affirmative defense thereby placing a heavy burden on the State, not only to prove beyond a reasonable doubt the guilt of the defendant but also to present evidence negating the defense of a choice of evils.

Your Committee finds that by specifically designating the choice of evils defense as an affirmative defense the burden of proof would rest with the defense. Your Committee feels that placing such burden on the defendant is more reasonable than placing it on the State because most, if not all, facts relating to such a defense would be within the province of the defendant's knowledge and control.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 398 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 420 Judiciary on H.B. No. 284

The purpose of this bill is to allow members of the United States Secret Service to directly petition the Family Court for an ex parte order for emergency hospitalization of certain persons.

Under present law, a certain named class of individuals, for example licensed physicians and attorneys, are allowed to petition the court for such an order. This bill would include members of the United States Secret Service in the named class.

Your Committee received testimony that threats against visiting high government officials and foreign dignitaries, whom the Service is charged with protecting, often are made by persons displaying irrational behavior and appearing mentally ill. The inability of the Service to take prompt action by directly petitioning the courts for an ex parte order for emergency hospitalization of such individuals hampers its effectiveness and increases the danger to these individuals as well as to the persons to be protected.

Your Committee finds that this bill effectively resolves the problem faced by the United States Secret Service with respect to the prompt handling of certain persons who present possible threats to visiting dignitaries.

Your Committee has amended this bill to correct typographical errors.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 284 as amended herein and recommends that it pass Second Reading in the form attached hereto as H.B. No. 284, H.D. 1 and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 421 Judiciary on H.B. No. 424

The purpose of this bill is to make tampering with a motor vehicle without the consent of the owner or person in charge thereof criminal tampering in the second degree, a petty misdemeanor.

Under present law tampering with the vehicle of another is not unlawful unless it can be shown that there was a concomitant intent to commit a crime or cause injury. This bill would make the tampering in and of itself a crime, but provide for exceptions for police officers and other emergency personnel, tow wagon operators, and private individuals extricating their vehicles from parking locations.

Your Committee received testimony that auto thefts continue to increase and that such thefts may be substantially reduced if this bill became law because it would enable law enforcement personnel to apprehend persons observed tampering with another's vehicle without authorization.

Your Committee agrees with the testimony received but recommends amending the bill

to make clear that only unattended vehicles that are blocking a private individual's vehicle may be moved without authorization for the purpose of extricating his vehicle from a parking location. As amended, your Committee finds that this bill would be a positive factor in reducing the number of auto thefts or at least abating its increase.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 424, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 424, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 422 Judiciary on H.B. No. 450 (Majority)

The purpose of this bill is to define the offense of prostitution so as to make both parties to an act of prostitution subject to penal prosecution. Under present section 712-1200, Hawaii Revised Statutes, the offense of prostitution is defined as the act of engaging in, or agreeing or offering to engage in, sexual conduct with another in return for a fee. By eliminating the words "in return" in section 712-1200, the bill would make both parties to the transaction liable for the offense, rather than only the party receiving a fee in return for sexual conduct.

Your Committee finds that by making the law on prostitution applicable to both parties to the illicit act, constitutional objections to the present law may be precluded. A broader definition of prostitution could also result in depressing the prostitution traffic, curbing the visible "street walker" type of prostitution that may be offensive to some segments of the community, and enabling law enforcement authorities to more effectively enforce the law on prostitution.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 450 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

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

SCRep. 423 Judiciary on H.B. No. 480

The purpose of this bill is to provide for a more efficient means of controlling access to public facilities as well as to minimize security risks to public office buildings through unauthorized entries by prohibiting the unauthorized duplication of keys used in such facilities and buildings.

Your Committee received testimony that presently there is no law that prohibits the unauthorized duplication of keys used to access State facilities and buildings. This bill would make such unauthorized duplications misdemeanors.

Your Committee feels that making the unauthorized duplication of such keys, clearly marked "State of Hawaii--Do not duplicate", a misdemeanor, would go far towards curbing the number of illegal entries and thefts throughout State facilities.

However, your Committee has amended the bill to also prohibit the unauthorized marking of keys with the words "State of Hawaii--Do not duplicate". Since criminal sanctions would now be levied against persons duplicating such keys, your Committee felt that it would be appropriate to make the unauthorized marking of keys a misdemeanor as well.

Your Committee has also amended the bill by extending the definition of whom may authorize the duplication of keys to State facilities to include directors of departments in order that all State agencies are covered.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 480, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 480, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 424 Judiciary on H.B. No. 399

The purpose of this bill is to disallow deferred acceptance of guilty (DAG) pleas from being entered in class B as well as class A felonies.

Your Committee has heard testimony that individuals committing serious violent crimes such as kidnapping, rape in the second degree, assault in the first degree and robbery in the second degree, that are classed as B felonies have been receiving DAG pleas, and that with plea bargaining in our judicial system, many class A felonies are reduced to class B felonies. Thus, under present law which allows the DAG plea for class B felonies, these persons would be absolved of any criminal record or responsibility.

Your Committee feels that the community should not be burdened with undue concern that an individual may never have to accept his responsibility as a participant or instigator of a major crime against society. Thus, your Committee finds that making DAG pleas unavailable to class B as well as class A felons is desirable if not essential to ensure that an individual does not escape that responsibility.

However, your Committee feels that the DAG plea should be disallowed for only those class B felonies involving crimes against the person as defined in Chapter 707, Hawaii Revised Statutes, and has amended this bill accordingly.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 399; as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 399, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 425 Health on H.R. No. 101

The purpose of this resolution is to request the appropriate House standing committees to review the operations, programs, and activities of the Commission on the Handicapped.

Your Committee finds that: (1) handicapped residents of the State have many needs which require appropriate attention and action; (2) the Commission on the Handicapped has been vested with a number of important responsibilities; and (3) the Commission's designated functions have been hampered by staffing problems and the possible lack of funding resources to adequately fulfill the range and extent of responsibilities statutorily assigned to the Commission.

Your Committee further finds that a comprehensive review of the operations and activities of the Commission on the Handicapped is necessary, particularly with respect to the adequacy of its budgetary resources and the need for amendments to present statutes relating to the Commission.

Your Committee has amended the resolution in the following major respects:

- (1) By designating the Committee on Health as the appropriate standing committee to conduct the review.
- (2) By providing that the Committee's review is to be conducted during the interim preceding the 1980 legislative session, so as to afford the Committee adequate time to complete a comprehensive review, and to report its findings and recommendations at least 20 days prior to the convening of the 1980 session.

Your Committee on Health concurs with the intent and purpose of H.R. No. 101, as amended herein, and recommends that it be referred to the Committee on Legislative Management in the form attached hereto as H.R. No. 101, H.D. 1.

Signed by all members of the Committee.

SCRep. 426 State General Planning and Employment Opportunities and Labor Relations on H.R. No. 310

The purpose of this resolution is to request the Commission on Manpower and Full Employment to prepare and submit a comprehensive Statewide employment functional plan.

Your Committees are in agreement with the testimony presented that "employment" is an essential component in the overall comprehensive planning system. All State and private agencies and institutions should be involved in the working towards a viable state functional plan and that a primary purpose of the plan would be to address manpower needs. The functional plan may also serve as a coordinative mechanism to link together occupational needs with job training and vocational education programs as well as other related concerns.

Your Committees on State General Planning and Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.R. No. 310 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committees.

SCRep. 427 State General Planning and Employment Opportunities and Labor Relations on H.C.R. No. 48

The purpose of this house concurrent resolution is to request the Commission on Manpower and Full Employment to prepare and submit a comprehensive Statewide employment functional plan.

Your Committees are in agreement with the testimony presented that "employment" is an essential component in the overall comprehensive planning system. All State and private agencies and institutions should be involved in the working towards a viable state functional plan and that a primary purpose of the plan would be to address manpower needs. The functional plan may also serve as a coordinative mechanism to link together occupational needs with job training and vocational education programs as well as other related concerns.

Your Committees on State General Planning and Employment Opportunities and Labor Relations concurs is in accord with the intent and purpose of H.C.R. No. 48 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committees.

SCRep. 428 Higher Education on H.R. No. 38

The purpose of this resolution is to request the House Higher Education Committee to review the 1978 Constitutional amendment relating to the powers of the Board of Regents and to report its findings prior to the adjournment of the 1979 Regular Session.

Your Committee has found that although the intent of the constitutional amendment is clear, the way in which to best implement it will require much study and analysis. Your Committee has begun this study by identifying specific sections of the Hawaii Revised Statutes which may require modification or further definition to carry out the intent of the constitutional amendment. However, a comprehensive study of this nature will require more time than is allotted under the present provisions of this resolution. Therefore, your Committee has amended the resolution to provide for the appointment of an interim committee to conduct further study on this matter during the 1979 legislative interim. The interim committee is to report its findings and recommendations to the House of Representatives prior to the start of the Regular Session of 1980.

Your Committee on Higher Education concurs with the intent and purpose of H.R. No. 38, as amended herein, and recommends that it be referred to the Committee on Judiciary in the form attached hereto as H.R. No. 38, H.D. 1.

Signed by all members of the Committee.

SCRep. 429 Higher Education on H.R. No. 34

The purpose of this resolution is to evaluate the potential benefits and cost implications of the use of computer-based education (CBE) in Hawaii.

Since 1976, the University of Hawaii has been experimenting with various CBE systems currently available in the United States. Recently, the University has selected and is focusing its efforts on the use of the PLATO system. Testimony by the University has indicated the system to be an effective supplement to classroom instruction. They have

further indicated that their preliminary findings also show that high costs are associated with the implementation of a statewide CBE system. However, further analysis is needed to fully determine the feasibility of CBE.

Your Committee finds that additional study is needed to properly evaluate the feasibility of CBE and your Committee has amended the resolution to provide for further study during the 1979 Legislative Interim.

Your Committee on Higher Education concurs with the intent and purpose of H.R. No. 34 as amended herein, and recommends that it be referred to the Committee on Legislative Management, in the form attached hereto as H.R. No. 34, H.D. 1.

Signed by all members of the Committee.

SCRep. 430 Higher Education on H.R. No. 338

The purpose of this resolution is to request that the Peacesat office study the feasibility of other nations in the Pacific Basin to support regular operations of a satellite system; to seek financial support from national and international sources; and to provide necessary interactive audio, visual, data communication needs and resources for such a system.

Your Committee finds that the Peacesat experiment, which links Hawaii and fifteen other nations in the Pacific Basin, has been successfully used for educational courses, health services, epidemic control, agricultural and scientific communications. With the aid of the NASA satellite, development of these terminal satellite systems for the smaller populations and low income areas has opened new horizons. The benefits of this communication service have been numerous and should be encouraged. This study would further ensure development of this international educational satellite system.

The resolution is amended to allow for a two-year study to be transmitted to the legislature at least 30 days prior to the convening of the 1981 legislative session.

Your Committee on Higher Education concurs with the intent and purpose of H.R. No. 338, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.R. No. 338, H.D. 1.

Signed by all members of the Committee.

SCRep. 431 Higher Education on H.C.R. No. 61

The purpose of this concurrent resolution is to request that the Peacesat office study the feasibility of other nations in the Pacific Basin to support regular operations of a satellite system; to seek financial support from national and international sources; and to provide necessary interactive audio, visual, data communication needs and resources for such a system.

Your Committee finds that the Peacesat experiment, which links Hawaii and fifteen other nations in the Pacific Basin, has been successfully used for educational courses, health services, epidemic control, agricultural and scientific communications. With the aid of the NASA satellite, development of these terminal satellite systems for the smaller populations and low income areas has opened new horizons. The benefits of this communication service have been numerous and should be encouraged. This study would further ensure development of this international educational satellite system.

The concurrent resolution is amended to allow for a two-year study to be transmitted to the legislature at least 30 days prior to the convening of the 1981 legislative session.

Your Committee on Higher Education concurs with the intent and purpose of H.C.R. No. 61, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.C.R. No. 61, H.D. 1.

Signed by all members of the Committee.

SCRep. 432 State General Planning on H.R. No. 257

The purpose of the resolution is to recommend that Hawaii's Congressional delegation introduce and work for the adoption of legislation to provide funds to the State of Hawaii

for the development, implementation and operation of programs to meet the higher costs of public assistance to meet the special social and economic needs of immigrants in Hawaii.

Testimonies submitted by Andrew Chang, Director of the Department of Social Services and Housing, and Bienvenido Junasa, Director of the State Immigrant Services Center, supports H.R. No. 257. According to their testimonies, the 1965 amendments of the U.S. Immigration laws have substantially enabled large number of immigrants to make Hawaii their permanent residence. The laws which determine the number of immigrants who enter the United States are set at the federal level, the initiative and cost of providing services to them are borne disproportionately by local governments. According to the Department of Social Services and Housing testimony, the impact of immigrants on their Department's program has been felt most directly by their public assistance programs. Based on their Department's most recent information as of October 1978, active recipients from foreign countries constituted 8.3% of the financial assistance caseload (AFDC, GA, and State ABD). This represented 2,228 cases or 5,254 individuals who were provided financial assistance at an annual cost of \$6.8 million.

Your Committee on State General Planning concurs with the intent and purpose of H.R. No. 257 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 433 Agriculture and Higher Education on H.R. No. 284

The purpose of this resolution is to request the University of Hawaii to release legislatively appropriated funds and other funds that may be available for the hiring of one additional plant crop extension agent and two research technicians to meet the demands for services now requested by Kona farmers.

Your Committees find that the current workload of the Kona Experiment 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. In addition, the new agricultural park at Keahole is now being developed, which will promote a new potential for ornamental crops, guava and several other crops which have shown excellent potential in the Kona climate.

Your Committees find that the movement towards diversified agriculture in Kona and its vast potential for further diversification has significantly increased the demands for services, active experiments and demonstrations at the Kona experimental station.

Testimony presented by the University of Hawaii, College of Tropical Agriculture and Human Resources stated, "although the University and College would like nothing better than to be able to release this position (crop extension agent) because of the development of diversified agriculture in the Kona district, the F.Y. 1978-79 allocation for the campus was \$2.2 million below the appropriation. Under the circumstances, the release of these funds is highly unlikely". Notwithstanding these facts, the legislature through Act 243, SLH 1978, appropriated funds and requested that University of Hawaii release the funds for the hiring of (one) plant crop extension agent, and (two) research technicians.

Your Committees, upon consideration, have made the following amendments to H.R. No. 284:

(a) The title of the resolution has been changed as follows: "HOUSE RESOLUTION URGING THE RELEASE OF FUNDS FOR THE HIRING OF A PLANT CROP EXTENSION AGENT AND TWO RESEARCH TECHNICIANS FOR THE KONA EXPERIMENT STATION, COLLEGE OF TROPICAL AGRICULTURE, UNIVERSITY OF HAWAII, KONA, HAWAII".

(b) The phrase "one additional plant crop agent" has been amended to read "one additional crop extension agent and two research technicians" in the "BE IT RESOLVED" clause.

Your Committees on Agriculture, and Higher Education concur with the intent and purpose of H.R. No. 284 as amended herein, and recommend its adoption in the form attached hereto as H.R. No. 284, H.D. 1.

Signed by all members of the Committees except Representative Sakamoto.

SCRep. 434 Consumer Protection and Commerce on H.B. No. 1661

The purpose of this bill is to provide three statutory amendments relating to the determination of the minimum number of directors a corporation must have, reservation of a corporate name for sixty days, and requiring an involuntarily dissolved corporation to obtain a name clearance before it can be reinstated as a corporation.

The current statutes which affect these three areas provide that a corporation may have a minimum of one director regardless of the number of shareholders, and that a corporate name may be reserved prior to incorporation for thirty days. There is no statutory provision which deals with the situation where an involuntarily dissolved corporation attempts to reinstate itself but its identical or similar name has been registered in the interim by another party.

Your Committee finds that the present law which sets the minimum number of directors at one, irrespective of the number of shareholders, may work to the disadvantage of minority interests in the case where there is one director and more than one shareholder by negating the protection offered by cumulative voting. Your Committee finds that providing a sliding scale where the minimum number of directors a corporation must have is determined by the number of shareholders will effectively retain the utility of cumulative voting for minority interests.

Relating to reservations of corporate names, your Committee finds from the testimony presented that the present thirty day reservation period is often too short to permit those seeking incorporation to prepare the necessary documents and that the majority of reservations received by the Department of Regulatory Agencies are, in fact, renewals of previous registrations, thereby justifying an increase to a sixty day reservation period. Your Committee finds from oral testimony presented that an increase in the cost of filing is necessary to reflect overall increased costs of administration.

Relating to reinstatement procedures for involuntarily dissolved corporations, your Committee finds that this bill, which would require a dissolved corporation to adopt a new name should its prior name or one similar to it have been registered in the interim, will effectively clarify these procedures.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1661 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 435 Transportation on H.B. No. 618

The purpose of this bill is to repeal portions of Section 266-7, HRS, which no longer serve a useful purpose and conflicts with other statutes.

Section 91-5 (Hawaii Administration Procedure Act) enacted in 1961 provides guidance to all agencies concerning compiling, publishing and distributing rules and regulations. In the interest of promoting uniformity among agencies, the material in Section 266-7 relating to rules and regulations and the free distribution thereof to agents, masters or owners of vessels or other persons who request the same, should be repealed since Section 91-5 provides for the payment of costs of publication and mailing.

Your Committee notes that according to the Department of Transportation, public relations problems have developed because of the conflicting provisions of Section 266-7 with other statutes.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 618 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 436 Culture and the Arts and Health on H.B. No. 1594

The purpose of this bill is to amend section 326-33, Hawaii Revised Statutes, to ensure the proper maintenance of the Damien Memorial Chapel by the Department of Health.

Section 326-33 designates the Father Damien Memorial Chapel, located in Kalawao County, and the premises and graveyard of that Chapel as a public memorial to Father Damien. Originally enacted in 1935, section 326-33 does not address the problem of responsibility for maintaining the Chapel and its premises and graveyard.

Your Committee has amended Section 1, line 1, of the bill to correct a typographical error. It should read section 326-33 instead of section 526-33.

Your Committee on Culture and the Arts and your Committee on Health are in accord with the intent and purpose of H.B. No. 1594, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1594, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives
Baker, Kawakami, Kobayashi, Lee, D. Yamada, Anderson and Sutton.

SCRep. 437 Higher Education on H.B. No. 1211

The purpose of this bill is to implement Article X, Section 6 of the Constitution of the State of Hawaii, as amended by the Hawaii Constitutional Convention of 1978 pertaining to the jurisdiction of the board of regents, University of Hawaii.

The 1978 Constitutional amendment grants exclusive jurisdiction over the internal organization and management of the University of Hawaii to the Board of Regents, subject to legislative power to enact laws of statewide concern. It further requires the Legislature to implement this mandate through the enactment of appropriate legislation.

Although the intent of the amendment is clear, the way in which to legislatively carry it out requires further clarification. Based on testimony received on this matter and the discussions of the committee, your Committee has found that the full implementation of this constitutional amendment will require further study and implementing legislation over the coming years. Your Committee finds that the enactment of this bill would be an initial step in implementing the constitutional amendment by clarifying Section 304-4 and Section 26-11 of the Hawaii Revised Statutes by including a statement on the authority of the Board of Regents as specified by the Constitution.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 1211, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 438 Legislative Management

Informing the House that House Resolution Nos. 457 to 464, House Concurrent Resolution Nos. 93 to 96, and Standing Committee Report Nos. 227 to 433, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 439 Legislative Management

Informing the House that House Resolution Nos. 465 to 474, House Concurrent Resolution Nos. 97 to 102, and Standing Committee Report Nos. 434 to 437, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 440 Energy on H.R. No. 379

The purpose of this resolution is to request the State Energy Office, Department of Planning and Economic Development, to report on the State's fuel allocation contingency plans.

Presently, the State is operating a "set-aside" program, a stopgap program when gasoline sales are restricted. The State Energy Office is responsible for carrying out this "set-aside"

program to distribute gasoline supplies fairly to retail outlets and wholesale customers affected by voluntary fuel allocations imposed by suppliers.

There have been indications that more dealers may fall under this program and that some Mainland refineries may further cutback their allocations to Hawaii. This would put an even greater strain on the State's "set-aside" program. Your Committee feels that it is imperative that the State Energy Office submit a report on the status of the State's fuel allocation contingency plans 20 days prior to the end of the 1979 Legislative session.

Your Committee recommends an amendment to the first BE IT FURTHER RESOLVED clause by changing the year from "1979" to "1980". This will enable your Committee to study the fuel allocation program during the interim.

Your Committee has also amended the resolution to correct a typographical error by including the word "to" after the word "prior" in the first BE IT FURTHER RESOLVED clause of the resolution.

Your Committee on Energy is in accord with the intent and purpose of H.R. No. 379, as amended herein, and recommends that it be referred to the Committee on Legislative Management in the form attached hereto as H.R. No. 379, H.D. 1.

Signed by all members of the Committee except Representative Garcia.

SCRep. 441 Energy on H.R. No. 220

The purpose of this resolution is to encourage the United States Congress to restore funding for Wind Laser Technology Research to the United States Department of Energy budget.

The Department of Planning and Economic Development and the Hawaii Natural Energy Institute have been in contact with personnel at the Lawrence Livermore Laboratory (LLL) who are interested in laser technology as a tool for wind energy surveys. An instrument built by a commercial firm is available and LLL considers Oahu an ideal site for testing and research with such equipment. Hawaii stands to benefit both as the research site and from the results obtained from this proposed program.

Your Committee has amended the last WHEREAS clause by changing the word "essential" to "desirable".

Your Committee on Energy is in accord with the intent and purpose of H.R. No. 220 as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 220, H.D. 1.

Signed by all members of the Committee except Representative Garcia.

SCRep. 442 State General Planning on H.C.R. No. 30

The purpose of this concurrent resolution is to recommend to the Hawaii Congressional Delegation to introduce and work for the adoption of legislation to provide funds to the State of Hawaii for the development, implementation and operation of programs to meet the higher costs of public assistance to meet the special social and economic needs of immigrants in Hawaii.

Testimonies submitted by Andrew Chang, Director of the Department of Social Services and Housing, and Bienvenido Junasa, Director of the State Immigrant Services Center, supports H.C.R. No. 30. According to their testimonies, the 1965 amendments of the U.S. Immigration laws have substantially enabled a large number of immigrants to make Hawaii their permanent residence. The laws which determine the number of immigrants who enter the United States are set at the federal level, and the cost of providing services to them are borne disproportionately by local governments. According to the Department of Social Services and Housing testimony, the impact of immigrants on their Department's program has been felt most directly by their public assistance program. Based on their Department's most recent information as of October 1978, active recipients from foreign countries constituted 8.3% of the financial assistance caseload (AFDC, GA, and the State ABD). This represented 2,228 cases or 5,254 individuals who were provided financial assistance, at an annual cost of \$6.8 million.

Your Committee on State General Planning concurs with the intent and purpose of H.C.R.

No. 30 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 443 Health on H.R. No. 103

The purpose of this resolution is to request the appropriate House committees to review program needs relating to genetic counseling and the use of amniocentesis to detect Down's Syndrome and other congenital defects in unborn children.

Your Committee believes that there exists a need to examine the subject of congenital defects and genetic counseling and that a review by the designated House committee is appropriate at this time. The use of amniocentesis examinations by pregnant women in Hawaii within the high-risk category (over the age of 35 years) has increased substantially, with the proportion of women seeking amniocentesis examinations continuing to increase. An assessment of program needs to accommodate the anticipated demand for amniocentesis examinations appears to be needed at this time.

Your Committee has amended the resolution by requesting the Health Committee to review the program needs.

Your Committee on Health concurs with the intent and purpose of H.R. No. 103, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 103, H.D. 1.

Signed by all members of the Committee.

SCRep. 444 Health on H.R. No. 99

The purpose of this resolution is to request the appropriate House standing committees to review the various components contributing to the increasing cost of health services and possible cost containment measures.

Testimonies of the state health planning and development agency, the Hospital Association of Hawaii, and the department of social services and housing supported the intent of this resolution, reported on the status of current cost containment efforts, and offered assistance in the study. It was further suggested that sufficient background work has already been done to support the pulling together of various concerns under the guidance of the appropriate legislative committees.

Your Committee has amended the resolution to provide for an interim study on cost containment to be conducted by your Committee on Health.

Your Committee on Health concurs with the intent and purpose of H.R. No. 99, as amended herein, and recommends that it be referred to the Committee on Legislative Management in the form attached hereto as H.R. No. 99, H.D. 1.

Signed by all members of the Committee except Representative Sutton.

SCRep. 445 Corrections and Rehabilitation on H.B. No. 292

The purpose of this bill is to expand the Hawaii Paroling Authority's duties, powers and/or responsibilities to ensure a more equitable and just disposition of persons convicted of certain felonies.

H.B. No. 292 was introduced as a short-form bill, which is sometimes referred to as a "vehicle" bill primarily used for convenience to introduce a bill containing only a general idea as to its purpose and means without specific details in long form. Your Committee has amended the bill to provide the substantive contents of the bill in long form so that a public hearing may properly be held on its substantive provisions. Without the amendment providing the substantive contents, members of the public cannot be duly apprised, in advance of the hearing, as to what the bill specifically purports to do and the specific means by which it intends to achieve the desired results.

Your Committee on Corrections and Rehabilitation is in accord with the intent and purpose of H.B. No. 292, as amended herein, and recommends that it be recommitted to the Committee on Corrections and Rehabilitation, for the purpose of holding a public hearing thereon,

in the form attached hereto as H.B. No. 292, H.D. 1.

Signed by all members of the Committee.

SCRep. 446 State General Planning and Employment Opportunities and Labor Relations on H.R. No. 280

The purpose of this resolution is to request the review of the Hawaii State Planning Act to determine the feasibility of a functional plan for the State's employment policies, programs and projects.

Your Committees are in agreement with the testimony presented that "employment" is an essential component in the overall comprehensive planning system. All State and private agencies and institutions should be involved in working towards a viable state functional plan, and that a primary purpose of the plan would be to address manpower needs. The functional plan may also serve as a coordinative mechanism to link together occupational needs with job training and vocational education programs as well as other related concerns.

Your Committee has amended the resolution to require the State General Planning Committee and/or other such appropriate Committee of the House to review and examine the feasibility of a State functional plan for the area of employment in "1980", rather than "1979", so as to provide adequate time to accomplish this task.

Your Committees on State General Planning and Employment Opportunities and Labor Relations concurs with the intent and purpose of H.R. No. 280, as amended herein and recommends that it be referred to the Committee on Legislative Management, in the form attached hereto as H.R. No. 280, H.D. 1.

Signed by all members of the Committees.

SCRep. 447 Higher Education and Education on H.R. No. 299

The purpose of this resolution is to request the Community Colleges of Hawaii, the State Department of Education, and the College of Education to conduct a feasibility study of establishing and operating area reading centers as a means to cope with the problem of reading disabilities.

Your Committees find that deficiencies in reading skills persist among many individuals of all ages. While such skills are essential to function effectively in our society, there continues to be a significant number of individuals affected with reading deficiencies. Should the establishment of reading centers in the State prove feasible, this innovation may result in improved reading skills of our citizens who need the assistance. The federal government has made resources available to support such innovative approaches through its "Right to Read" Program. The Community Colleges, the State Department of Education, and the College of Education will submit the feasibility report to the Legislature by December 31, 1979.

Your Committees on Higher Education and Education concur with the intent and purpose of H.R. No. 299 and recommend that it be referred to the Committee on Finance.

Signed by all members of the Committees.

SCRep. 448 Health on H.R. No. 102

The purpose of this resolution is to request the appropriate House standing committees to examine the feasibility of establishing a year-round training center in Hawaii for prospective Olympic athletes in combination with a sports medicine clinic, including the need for a study on this subject by the Legislative Reference Bureau.

Your Committee finds that the concept of establishing a year-round Olympic training center in Hawaii, combined with a sports medicine clinic, holds considerable promise and merits further exploration. Your Committee believes, however, that the Office of the Legislative Reference Bureau is the appropriate body to conduct this comprehensive study and has therefore amended this resolution as follows:

- (1) Requesting the Office of the Legislative Reference Bureau, rather than the

appropriate House standing committees, to conduct this feasibility study and submit its findings and recommendations to the Legislature; and

(2) Providing that the findings and recommendations shall be submitted at least twenty days prior to the convening of the 1980 Regular Session, rather than prior to the adjournment of the 1979 Regular Session.

Your Committee on Health concurs with the intent and purpose of H.R. No. 102, as amended herein, and recommends that it be referred to the Committee on Legislative Management, in the form attached hereto as H.R. No. 102, H.D. 1.

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

SCRep. 449 Finance on H.B. No. 1666

The purpose of this bill as received by your Committee in short form is to conform the Hawaii Income Tax Law to the Internal Revenue Code.

Your Committee heard testimony from the department of taxation, the Hawaii Tax Foundation, and the Chamber of Commerce in favor of a House draft to this bill developed by the department of taxation and drafted by the office of the legislative reference bureau as provided by section 235-2.3, Hawaii Revised Statutes. The department of taxation informed your Committee that the House draft will have little revenue implications since there are offsetting gains and losses within the various provisions being adopted.

Your Committee has amended the bill to make amendments made to the federal Internal Revenue Code during the calendar year 1978 operative in this State for taxable years beginning after December 31, 1978. In so doing the following major Code amendments are adopted and amendments to the state tax laws were made:

(1) The deduction for the itemization of state and local taxes on gasoline, diesel, and other motor fuels for personal use is repealed.

(2) Taxpayers aged 55 and older can elect a one-time exclusion of up to \$100,000 in profits realized on the sale or exchange of a principal residence owned and occupied as such for at least three out of the five years immediately preceding the sale. Your Committee finds that this provision will provide tax relief to our elderly who purchased homes many years ago and now find that their children have left and they no longer need a large home with its maintenance requirements. This provision will not assist speculators due to the time and primary residence limitations.

(3) The deduction for capital gains is increased from fifty per cent to sixty per cent and the alternative tax on capital gains is repealed as no longer necessary to prevent taxation of more than twenty-five per cent of the capital gain received. Conforming amendments have also been made to section 235-51, Hawaii Revised Statutes.

(4) As with the federal amendments a provision is made to suspend the effective date of the carryover basis rule enacted in 1976 to 1980. Thus, the use of the stepped-up basis in appreciated property received from an individual who dies before the effective date may be used as before 1976.

(5) Subchapter S corporations, also known as small business corporations, may now have fifteen shareholders with husbands and wives treated as one shareholder. A subchapter S election may also be made during the first seventy-five days of the corporation's current taxable year or during the entire preceding taxable year.

(6) The reference in section 235-2.3(b)(9), Hawaii Revised Statutes, to section 218 of the Code relating to the deduction of contributions to candidates for public office as nonoperative has been deleted as section 218 was repealed by Public Law 95-600, section 113(a)(1).

(7) Section 457 of the Code relating to deferred compensation plans with respect to service for state and local governments is made not operative in this State by section 235-2.3(12), Hawaii Revised Statutes.

(8) A provision has been added relating to zero bracket amounts for the 1978 Code changes and continues the Hawaii provision making such amounts nonoperative.

(9) A provision is added clarifying the application of the tax on a lump sum distribution from an annuity contract and the averaging of this amount over a 10-year period.

(10) A reference to chapter 6 of the Code is added to allow the adoption by reference to Internal Revenue rules relating to consolidated returns filed by corporations in the same manner as now allowed for chapter 1, Internal Revenue rules, relating to income determination.

(11) A new section is added to chapter 235, Hawaii Revised Statutes, requiring the department of labor and industrial relations to submit a return to the department of taxation setting forth the aggregate payment of unemployment compensation and the names and addresses of the individuals to whom paid. It requires the department of labor and industrial relations to furnish a written statement to the individual showing the name of the department and the amount of unemployment compensation paid. The statement must be furnished by January 31 to any individual receiving \$10 or more.

This section is parallel to section 6050B of the Code added this year by Public Law 95-600, section 112. Section 6050B of the Code has been added due to the adoption of section 85 of the Code which provides for the taxation of unemployment compensation paid to individuals whose adjusted base income is \$20,000 or more if single, and \$25,000 or more if married.

The exclusion of unemployment compensation has been changed so that it is no longer total but limited to that allowed under section 85 of the Code.

(12) The child care credit in section 235-55.6 is amended to conform to the federal amendments which allow the deduction of amounts paid to grandparents and other relatives not claimed as exemptions.

(13) The estimated tax provisions in section 235-97, Hawaii Revised Statutes, are amended to allow the department to excuse individuals from filing estimated tax returns, if their total estimated tax is less than \$40 after deducting credits. This adopts a similar Code provision, section 6015(a).

The excusal of filing estimated taxes, if less than fifteen per cent of a corporation's business for a taxable year will be attributable to the State, is limited to foreign corporations. A new provision is added providing for the excusal from filing and paying an estimated tax for a domestic corporation whose tax liability is less than \$40. This excusal adopts a similar Code provision, section 6154(a).

(14) Other technical changes were made to the state income tax law and the law concerning the taxation of banks and financial institutions to update or correct them in the light of amendments to the federal Internal Revenue Code.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1666, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1666, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 450

Finance on H.B. No. 257

The purpose of this bill is to eliminate unnecessary paperwork in state government.

The burgeoning paperwork at the federal, state and local government levels has become a major national issue. The problems stemming from excessive paperwork generated sufficient concern at the federal level in 1974 to prompt the establishment of the commission on federal paperwork, whose end goals were to minimize the paperwork burden on others, reduce duplication of information-gathering by federal, state and local governments, and reduce the costs of federal paperwork.

Your Committee agrees that excessive paperwork unessential to the purposes of state government should likewise be eliminated. Such reform would result in lower government costs and alleviation of the paperwork burden which the public must now bear.

Under this bill, the Department of Budget and Finance would assume overall responsibility for the administration of the state's paperwork management program. The Department would plan, coordinate, monitor, direct, promulgate appropriate guidelines and generally oversee the overall program while each individual department or agency would be responsible

for accomplishing specific paperwork management projects and implementing improvements to their own paperwork management.

Each individual agency is to first submit a report to the Department of Budget and Finance, who shall then in turn submit a biennial consolidated report to the Legislature.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 257, H.D.1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 451 Finance on H.B. No. 281 (Majority)

The purpose of this bill is to amend Section 103-32, Hawaii Revised Statutes, relating to the bidding and awarding of public contracts by adding a new provision whereby the contracting officer may, in the case of only one bidder, negotiate with the bidder.

Under existing law, the Department of Accounting and General Services may only negotiate with the lowest bidder to reduce the scope of work. Under this bill a contracting officer may also enter into negotiations if only one bid was received. The officer may in his discretion negotiate with such bidder to reduce the price and award the contract at the reduced price. It is the intent of your Committee that this provision will be used when the bid exceeds available funds.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 281, H.D.1, and recommends that it pass Third Reading.

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

SCRep. 452 Finance on H.B. No. 750

The purpose of this bill is to provide workers' compensation benefits from the state insurance fund to handicapped persons who are in private sheltered workshops.

Your Committee finds that some vocational rehabilitation workshops are saddled with steep costs for workers' compensation coverage. Conceivably, this is based on the assumption that handicapped persons would have a high incidence of accidental injuries while working.

As these workshops are valuable to the State in providing vocational training to handicapped persons, your Committee believes that the State's assistance in covering the cost of workers' compensation insurance for private non-profit vocational rehabilitation workshops is warranted.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 750, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 453 Employment Opportunities and Labor Relations on H.B. No. 1449

The purpose of this bill is to add an enforcement provision to the union label law. Under this bill, any person in violation of the union label law would be required to pay damages not less than \$250 nor more than \$5,000. In addition, he would be required to pay all costs and attorney's fees.

The Union Label of the GAU is registered with the patent office of the United States Department of Commerce to protect the design and its use under the federal laws covering trade marks and labels. In order to conform with the various State laws in the United States and to further protect the label, it is also registered with each of the 50 States. The Union Label indicates that the workmanship was produced by Union members and that the employees were covered by a collective bargaining contract including a Union Label license agreement whose label is registered with the Department of Regulatory Agencies, State of Hawaii.

The Union has encountered fraudulent use of the Union Label. The label was printed

on products from open shops (unorganized firms) with the intent of misleading the public about the products being produced by skilled union members. The amendment to Section 482-4, Hawaii Revised Statutes, would seek to penalize the violator with legal costs incurred by the filing party and would also seek damages of not less than \$250 nor more than \$5,000 which is the penalty incurred under the Federal Statutes dealing with Copyright violations.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.B. No. 1449 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 454 Public Employment and Government Operations and Housing
on H.B. No. 1665

The purpose of this bill is to remove the existing six year time limitation on Hawaii Housing Authority employment contracts.

Pursuant to HRS 356-5(e) no individual hired under contract may be employed beyond a maximum of six years. Testimony from the Authority indicated that such a restriction is arbitrary as there exists no justification for limiting such employment to six years as opposed to eight or ten years. Moreover, it is detrimental to the Authority's program operations as the length of service required from contractual employees may well exceed the present six year ceiling.

Your Committees find that HRS 356-5(e) as amended will provide that no individual contract shall be for a period longer than two years per term, and therefore are in agreement that this limitation coupled with the standard 30 day termination notice contained in all such contracts will provide more than adequate controls over contract hires.

Your Committees on Public Employment and Government Operations and on Housing are in accord with the intent and purpose of H.B. No. 1665 and recommend it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 455 Ocean and Marine Resources on H.B. No. 731

The purpose of this bill is to amend Section 188-40 of the Hawaii Revised Statutes to make the term "lobster" apply only to slipper lobster, and thus leave the minimum size for sale of spiny lobster to be regulated by the Department of Land and Natural Resources, Division of Fish and Game, Regulation 22 - "Relating to the Management of Native Lobsters or Ula".

Testimony before your Committee by the Department of Land and Natural Resources indicates that Section 188-40 makes it illegal to sell both the spiny and slipper lobsters that weigh less than one pound. Recent studies conducted by the Department have determined that the 3 1/4 inches of carapace length on a spiny lobster is equivalent to a one pound size.

Your Committee finds that the Division of Fish and Game Regulation 22 has been amended to establish 3 1/4 inches of carapace length as a minimum size for the taking and sale of spiny lobsters.

Your Committee further finds that studies have not been conducted on slipper lobsters to effect conversion from a weight to a more feasible linear measurement. As a result, this bill proposes to insert "slipper" before the word "lobster" in Section 188-40 to make the one-pound minimum size remain applicable only to slipper lobsters.

Your Committee on Ocean and Marine Resources is in accord with the intent and purpose of H.B. No. 731 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 Garcia.

SCRep. 456 Ocean and Marine Resources on H.B. No. 730

The purpose of this Bill is to amend Chapter 188 of the Hawaii Revised Statutes, thereby authorizing the Department of Land and Natural Resources to designate agents to sell the freshwater game fishing license in accordance with the procedures and conditions set forth in Section 191-7, Hawaii Revised Statutes.

Testimony before your Committee by the Department of Land and Natural Resources indicates that Section 188-49, Hawaii Revised Statutes, requires that a license must be procured to fish for, take or catch any introduced freshwater game fish. Further, Section 188-49, Hawaii Revised Statutes authorizes agents of the Department of Land and Natural Resources to issue those required licenses.

Your Committee finds that statutory authority to designate the agents to sell the freshwater game fish license is not clearly defined. This amendment is necessary to clarify the fact that the Department of Land and Natural Resources has the authority to designate agents of selling freshwater game fish licenses.

Your Committee on Ocean and Marine Resources is in accord with the intent and purpose of H.B. No. 730 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 Garcia.

SCRep. 457 Finance on H.B. No. 732 (Majority)

The purpose of this bill is to increase the maximum loan limit allowed to be granted to individual applicants under the Hawaii Capital Loan Program from \$50,000 to \$100,000.

The primary purpose of the Hawaii Capital Loan Program is to provide financial assistance to new, potential or expanding businesses which cannot qualify for such assistance from other sources. The success of this program has resulted in the provision of diverse job opportunities and the generation of added tax revenues for the State.

Since the inception of the program in 1963, however, the maximum loan amounts allowed to be granted under the program have remained unchanged. Due to this limitation and the current inflationary trends and rising costs, the effectiveness of the Hawaii Capital Loan Program has been hampered.

Your Committee agrees that there appears to be good and sufficient reason to raise the maximum ceiling for small business loans from \$50,000 to \$100,000.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 732 and recommends that it pass Third Reading.

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

SCRep. 458 Finance on H.B. No. 727

The purpose of this bill is to permit agricultural cooperative associations to qualify for leases of State lands in an agricultural park.

Currently, the agricultural park law provides for the eligibility of individuals as applicants and is silent on whether agricultural cooperatives would be eligible.

The formulation of agricultural cooperative associations will greatly assist Hawaii's diversified agriculture producers, particularly in the marketing of their products. By providing for the eligibility of cooperatives in agricultural parks, an excellent tool to promote the formation of cooperatives will exist. In the case of an agricultural park where all the tenants would be members of a cooperative, not only would there be collective marketing advantages, but also reduced production cost to farmers in purchasing supplies, equipment, processing and transportation.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 727 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 459 Finance on H.B. No. 1311 (Majority)

The purpose of this bill is to amend Section 76-16, Hawaii Revised Statutes, dealing with exemptions from the civil service, by providing in sub-section (16) that the Department of Planning and Economic Development would be authorized an additional Deputy Director position.

The Hawaii State Government Reorganization Act of 1959 created a Department of Economic Development and a Department of Planning and Research. Act 2, S.L.H. 1963, merged these two principal departments into a single entity, the present Department of Planning and Economic Development.

Since 1963, the Department has undergone substantial change due to the many additional programs and functions assigned to it. These include, but are not limited to, such functions as: serving as the lead agency for the Hawaii State Plan and the Hawaii Coastal Zone Management Program, serving as the State's advocate in proceedings before the Land Use Commission, administering fishing vessel loan programs, serving as tourism coordinator, administering statewide energy conservation and management programs, and serving as the Energy Resources Coordinator.

The Department administers eight programs, seven in the major program area of Economic Development and one in Government-wide Support. The range and variety of assignments are also reflected in the fact that the Director serves on twelve boards, commissions, and other public bodies as required by statutes. By executive appointment or other administrative action, he heads or serves on seventeen committees, councils and other government groups.

The Department is currently authorized only one Deputy Director position. Your Committee agrees that an additional Deputy Director is needed. The Department should emphasize economic development programs and activities and a second deputy should be assigned duties in this area. The second deputy should provide needed administrative expertise in the area of economic development and serve as a contact point for the Department's many and various client groups.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1311 and recommends that it pass Third Reading.

Signed by all members of the Committee.
(Representatives Lacy and Sutton did not concur.)

SCRep. 460 Finance on H.B. No. 366

The purpose of this bill is to remove the restriction that limits "hiring above the minimum step" to only classes SR-18 and above.

Normally, all initial appointments are made at the first step of the salary range. However, in the event that the recruitment of an employee in classes SR-18 and above is not practicable at the first step, the Director of Personnel Services, after appropriate notice and advertising, may recruit at any step within the applicable salary range at which a suitable employee can be found.

The "hiring above the minimum step" provision is intended to provide the director with some flexibility in recruitment. This flexibility is currently limited, however, since under existing law the director is precluded from utilizing this provision for classes below SR-18. The state is currently experiencing recruitment difficulties with classes such as: Respiratory Technician II (SR-16) and X-Ray Technician (SR-16) on the neighbor islands and Licensed Practical Nurse I (SR-10) statewide.

To alleviate the situation, your Committee agrees that removal of the current SR-18 ceiling would enable the director to better respond to recruitment needs.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 366 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 461 Finance on H.B. No. 365

The purpose of this bill is to allow the Director of Personnel Services to place regular employees above the minimum step provided such employees are selected through an open competitive recruitment process which permits "hiring above the minimum step."

Under present law, the appointing authority initially determines whether open competitive recruitment is necessary to fill a vacancy. If the Director of Personnel Services finds that it is difficult to attract qualified candidates, "hiring above the minimum step" will be permitted to attract more individuals. The problem arises when a regular employee is selected from among all the eligibles, for pursuant to the existing statutes on promotion, his salary would not be adjusted to the step at which recruitment is conducted, but instead would be limited to either a five per cent increase or the lowest step in the advertised salary range. An individual hired from outside the civil service system would therefore receive more pay than a regular employee would if he were selected for the same job.

Such a situation has a detrimental effect on employee morale and legislation of this type is needed to correct the inequity which currently exists. To guard against possible abuse, however, your Committee wishes to emphasize that 1) the appointing authority must begin recruitment at the lowest step of the salary range unless it can justify why it is difficult to hire a qualified individual, and 2) the regular employee must be within the list of top five eligibles.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 365 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Crozier.

SCRep. 462 Finance on H.B. No. 529

The purpose of this bill is to amend section 279A-4, Hawaii Revised Statutes, to modify the composition of the statewide transportation council.

The specific modification increases the number of members of the council from twelve to thirteen members and designates the chairman of the board of agriculture as the new member.

Your Committee believes that transportation is an integral component of agricultural development in the State. Therefore, it is incumbent that the chairman of the board of agriculture play an active role in the coordination and development of a statewide transportation plan.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 529, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 463 Finance on H.B. No. 1607

The purpose of this bill is to allow the Board of Trustees of the Hawaii Public Employees' Health Fund to authorize the transmittal of children's dental plan contributions to the dental plan of an employee organization.

Currently, the Health Fund Law permits an employee the option: (1) to send his monthly contribution to his employee organization's life insurance plan; (2) to leave it with the Health Fund's plan; or, (3) to elect not to enroll for this benefit.

This bill would provide the employee with the same options for his children's monthly contributions. This will enable children of public employees (who are enrolled in their employee organization's dental program) to go to the same dentist for dental care with their parents.

Your Committee finds that no significant impact in terms of cost or program operations is expected as the amount of dental contributions is limited by statute.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1607, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 464 Finance on H.B. No. 577

The purpose of this bill is to eliminate the requirement that the public defender's office pay for court filing costs for indigent criminal defendants.

Under present law, the public defender's office is required to pay the filing costs, appeal bonds, and other payments for indigent criminal defendants; yet, this office has never received funds nor budgeted for the payment of such costs. Moreover, pursuant to chapter 607, Hawaii Revised Statutes, all of the courts in the State, except one, have been waiving the payment of such costs and fees if, upon an examination of the defendant's financial circumstances, they find that the defendant is indigent. This requirement, in essence, provides for the State to pay itself at considerable expense in terms of the administrative time required to budget and process payments for such costs, thereby imposing an unnecessary administrative burden on the State.

Your Committee agrees that the requirement which mandates the public defender's office to pay for court costs and fees on behalf of indigent criminal defendants is indeed superfluous because it has no appreciable impact upon the criminal justice system, and undesirable in that it imposes an unnecessary administrative burden upon the State.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 577 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 465 Finance on H.B. No. 282

The purpose of this bill is to establish a Hawaii criminal justice information data center to be responsible for the collection, storage, dissemination, and analysis of all pertinent criminal history record information from all criminal justice agencies and to provide for the collection, storage, and dissemination of criminal history record information by criminal justice agencies in such a manner as to balance the right of the public and press to be informed, the right of privacy of individual citizens, and the necessity for law enforcement agencies to utilize the tools needed to prevent crimes and detect criminals in support of the right of the public to be free from crime and the fear of crime.

It appears that instant legislation is required to ensure the State's compliance with Department of Justice Law Enforcement Assistance Administration (LEAA) regulations dealing with criminal history information by virtue of the fact that all State and local agencies involved with the collection and dissemination of such information receive LEAA funding.

By (1) establishing a Hawaii criminal justice data center; (2) controlling and coordinating criminal offender recordkeeping within the State; (3) establish more efficient and uniform systems of criminal offender recordkeeping; (4) assuring periodic audits of such recordkeeping in order to determine compliance with this bill; and (5) establishing a more effective administrative structure for the protection of individual privacy in connection with such recordkeeping, this bill would bring the State into compliance with the applicable federal laws and regulations.

Your Committee finds that the counties stand to lose LEAA funding if this bill is not enacted into law. Since passage of this bill is requested and recommended by the counties, your Committee is of the opinion that this bill does not fall in the purview of a program mandated to the counties. Should it be held otherwise, your Committee declares that any provision so held to be a legislative mandate to the counties is to be invalid. For that reason your Committee has amended this bill by adding a new section 3 regarding severability and accordingly, the last section is renumbered.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 282, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 282, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 466

Employment Opportunities and Labor Relations on H.R. No. 229

The purpose of this resolution is to request the Committee on Employment Opportunities and Labor Relations to investigate the feasibility of assisting the physical mobility of the labor force for the purpose of obtaining jobs.

Your Committee feels that relocation of persons desiring jobs to different counties may be one means of solving the unemployment problem and supports the feasibility study requested in this resolution.

Your Committee has amended this resolution by requesting the Committee on Employment Opportunities and Labor Relations to submit the feasibility study to this House forty-five days prior to the 1980 session.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.R. No. 229, as amended herein, and recommends its referral to the Committee on Legislative Management in the form attached hereto as H.R. No. 229, H.D. 1.

Signed by all members of the Committee.

SCRep. 467

Judiciary on H.B. No. 643

The purpose of this bill is to make numerous housekeeping and other changes in Chapters 11 and 12 of the Hawaii Revised Statutes.

The bill (1) requires that a notice to comply with the Privacy Act of 1975 be included in the affidavit of a person registering to be a voter; (2) increases the pay of members of the Board of Registration from \$35 to \$40 a day; (3) increases the time given parties to submit names for precinct officials; (4) deletes the use of precinct official's primary registration in ascertaining such official's party affiliation; (5) extends the deadline for conducting a school of instruction for prospective precinct officials; (6) allows an authorized representative of the chief election officer to designate voting units by a uniform identification system; (7) eliminates the requirement that each county clerk certify to the chief election officer the actual number of ballots mailed to absentee voters; (8) makes electioneering on election days a misdemeanor; (9) increases the amount of a deposit required to accompany a complaint filed in a contest for cause of any election from \$25 to \$50; (10) specifies when nomination papers will be available, 210 days prior to a primary election and 60 days prior to the close of filing in special elections; and (11) eliminates the requirement that absentee ballot envelopes that have been marked "invalid" be rechecked on election day.

Your Committee finds that except for the following modifications, the provisions of this bill are needed to correct deficiencies and/or errors in present law:

(1) Sections 11-173.5 and 11-174.5 -- the increase in deposit required to accompany a complaint to contest an election for cause has been changed to tie such sum to whatever cost figure is established by the Supreme Court in order that legislative action is not required every time the court increases such costs;

(2) Section 12-5 -- the requirement that nomination papers be made available 210 days prior to the primary election has been changed to the first working day in February in order that the tedious calculation in ascertaining such day can be avoided.

In addition, your Committee feels that the provision relating to when nomination papers shall be available should be in a separate section with a section title appropriate to its content in order that it can be readily located. Accordingly, your Committee has made the necessary amendment.

Finally, your Committee has deleted the bill's provision making all electioneering on election day a misdemeanor inasmuch as your Committee feels that it is too ambiguous and broad, making its enforcement more difficult than present law which prohibits campaigning within one thousand feet of any polling place.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 643, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. 643, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Garcia.

SCRep. 468

Judiciary on H.B. No. 742

The purpose of this bill is to expressly allow taxi drivers who would be operating vehicles of 10,000 pounds or less gross vehicle weight rating (GVWR) to be as young as 18 years of age and to require that persons driving vehicles of over 10,000 pounds GVWR for compensation be a minimum of 21 years of age with persons between the ages of 18 and 21 excepted if they are enrolled in a driver apprentice program approved by the director of transportation.

Presently the minimum age requirements for persons who drive for compensation are unclear due to conflicting provisions contained in section 286-102(d)(1), Hawaii Revised Statutes, and the Public Utilities Commission General Order Number 2, the former setting the age to drive for compensation at 18 with the latter setting the minimum age at 21 for taxi drivers and those operating vehicles in commerce of more than 10,000 pounds. This bill attempts to clarify the State age requirements for all types of motor vehicle operation for compensation.

Your Committee's investigation revealed that the statutory scheme proposed in this bill is in conformance with federal age requirements which govern drivers in interstate commerce. Additionally, your Committee received testimony that by providing for the exception for those enrolled in an apprentice program, this bill will provide more employment for young people in rural areas of the State.

However, your Committee feels that the use of the term "apprentice program" is inappropriate inasmuch as the Director of Transportation does not have an on-going, fixed, formal program in operation at this time. Accordingly, your Committee recommends amending the bill to provide an exception to the age requirement for 18 to 21 year olds for those enrolled in an approved training program, as this more accurately reflects the type of program whose enrollees your Committee intends to except.

Your Committee finds that a conflict in the age requirements for persons who drive for compensation does exist and that this bill, as amended, resolves this conflict in the most efficient and desirable means. Accordingly, your Committee recommends its favorable consideration.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 742, as amended herein, and recommends that it pass Second Reading and be placed on the calendar for Third Reading in the form attached hereto as H.B. No. 742, H.D. 1.

Signed by all members of the Committee.

SCRep. 469

Judiciary on H.B. No. 585

The purpose of this bill is to allow the courts more flexibility in appointing mental health professionals as members of sanity commissions.

Under present law, the three members of a sanity commission appointed by the court in a criminal proceeding to determine the mental condition of a defendant, must consist of at least two qualified psychiatrists and a third professional who may be either a psychiatrist or a certified clinical psychologist. This bill would require only that one of the three members be a qualified psychiatrist, one a certified clinical psychologist, and the third either of the former.

Your Committee received testimony that the neighbor islands have been experiencing great difficulty in complying with the present legal requirement for such sanity commissions inasmuch as there is a shortage of the various types of mental health professionals located thereon. Because two of the members must be psychiatrists, this has resulted in several instances where the defendant had to be sent to the State hospital at Kaneohe or to the Oahu jail facility where the appropriate number and type of professional people could be found. Further, on occasion the courts and correctional branch staff have sent a person to a neighbor island to perform his diagnosis which also has resulted in delays and additional unnecessary expense.

Your Committee feels that if the sanity commission membership is changed as proposed, there would be no difficulty in finding the appropriate number and types of professional people to do the job on the neighbor islands. Therefore, having additionally heard testimony that the quality of the commission's diagnosis will not be affected under the proposed changes to its composition, your Committee finds that this bill's enactment

would result in a more efficient and less expensive means of effectuating the purposes of the sanity commission and accordingly recommends its favorable consideration.

Your Committee has amended this bill to correct typographical errors.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 585, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 585, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 470 Judiciary on H.B. No. 988

The purpose of this bill is to provide immunity for insurers who release information to the County Fire Chief relating to investigations concerning loss due to fires of a suspicious or incendiary origin.

Your Committee has heard testimony that within the last several years, there has been an alarming increase in the amount of malicious fires. Yet, due to the lack of any provision under present law which provides immunity to insurance carriers who release information concerning their clients to fire officials, there is a reluctance on their part to provide such information for fear of being held liable for damages in a civil action. Consequently, the only recourse to obtain this information is to subpoena the records of these insurers.

Your Committee has further heard testimony that across the nation, one of the prime motives for malicious fires is the filing of fraudulent insurance claims. In these situations, the records of the insured may be of evidentiary value in that a trend of fire loss claims or an increase or sudden change in insurance coverage indicates a need for a further, closer investigation. Therefore, the lack of insurance records and other information gathered by insurers has always left a void in carrying out a full fire investigation.

Your Committee feels that providing immunity to insurance carriers will allow them to readily release information regarding a client's loss or potential loss of property due to fire without fear of liability, thereby filling the void that has been ever present in previous fire investigations and further aid in the detection and eventual deterrence of arson for profit.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 988 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 471 Judiciary on H.B. No. 107

The purpose of this bill is to raise the threshold amount that may be expended by a candidate or committee below which a short form report may be filed with the Campaign Spending Commission.

Presently, candidates or committees making expenditures of \$500 or less may file a short form report with the Campaign Spending Commission in lieu of the more detailed reports otherwise required. This bill increases the \$500 threshold figure to \$1,000.

Your Committee finds that given the inflationary trend that has steadily increased the cost of goods and services, the \$1,000 figure is a more reasonable and efficient one. Your Committee feels that its use will not result in any less information being disclosed by candidates and that by so raising the threshold amount, candidates who really have only the minimum amount of information to disclose will be given the option of utilizing the short form.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 107 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 Garcia.

SCRep. 472

Judiciary on H.B. No. 451

The purpose of this bill is to add the term "dosage units" to the offense of promoting a dangerous drug in the first degree thereby including not only capsules, tablets, ampules or syrettes as presently stated but also taking into account the amount of the drug normally taken at any one given time by a user.

Your Committee received testimony that drugs such as LSD, cocaine and heroin are commonly sold in tablets or capsules that contain the average amount of the drug that is necessary for the user to obtain a "high". However, LSD is capable of being sold in the form of paper or gelatin impregnated with the drug. That is, first the paper or gelatin is impregnated with LSD and then these materials are sectioned off into dosage units. Because these units cannot be considered tablets, capsules, ampules or syrettes, a person who illegally possesses and/or distributes them cannot be presently prosecuted for a class A felony.

Your Committee feels that the present law must be amended to include all persons who possess or distribute dangerous drugs beyond the quantity specified by law regardless of its form or appearance.

Your Committee therefore finds that the addition of the term "dosage unit" to the offense of promoting a dangerous drug in the first degree will not only close the existing legal gap in our drug law but is also a positive step towards a better, more comprehensive law directed at combating the promotion of dangerous drugs within our society.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 451 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 473

Judiciary on H.B. No. 1557

The purpose of this bill is to expand and clarify the scope of the County Committees on the Status of Women, thereby allowing such committees to advise the mayor and council of their respective counties and further carry out the appropriate duties and responsibilities as deemed necessary.

Your Committee has heard testimony that current law limits the County Committees to mere information gathering for the State Commission on the Status of Women. Over the years since the original statute was passed, County Committees have taken on other duties, such as: (1) the holding of conferences and workshops that are of vital concern to women; (2) the publishing and distribution of brochures which are particularly useful to women; and (3) advising and responding to requests for information from women and elected officials within the community.

All of these activities are vitally important, but none of them are strictly legal under the current statute except for the gathering of information for the State Commission on the Status of Women. This amendment will therefore resolve this present dilemma and reflect the actual and current practices of the County Committees.

However, your Committee has been advised that the State Constitution states, "charter provisions with respect to a political subdivision's executive, legislative and administrative structure and organization shall be superior to statutory provisions" (Article VIII, Section 2); therefore, the present amendment, requiring the County Committees to advise the mayor and council of their respective counties on the status of women, raises serious constitutional questions. Accordingly, your Committee has amended this bill to leave to the counties the choice of deciding what, if any, appropriate duties and responsibilities would be assigned to the County Committees, thereby meeting the requirements of the Constitution.

Your Committee recognizes and applauds the tremendous work that the County Committees on the Status of Women have done and finds that this bill, as amended, will best serve the needs of not only Hawaii's women but the entire State and will provide for a good working relationship between the County Committees and State Commission of the Status of Women.

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

1557, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1557, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Garcia.

SCRep. 474 Finance on H.B. No. 1673

The purpose of this bill is to amend the provisions relating to the revolving fund of the Hawaii Institute for Management and Analysis in Government (HIMAG).

The revolving fund was created in anticipation that significant revenues, other than general funds, would be realized by HIMAG, but since its inception in 1974 the level of HIMAG revenues has not been sufficient to maintain HIMAG.

Your Committee finds that there is no overriding benefit to be gained by depositing general funds into the revolving fund and this bill proposes to delete that requirement. Only donations and gifts will continue to be deposited into a revolving fund for HIMAG.

Your Committee agrees that the main support for HIMAG will probably continue to be general fund appropriations. For that reason, your Committee deems it proper that HIMAG should bear the cost of a substantial amount of the expenditures for its seminars, classes, workshop and other programs. Such an adjustment in the charges for HIMAG programs will stimulate wider participation by state management personnel; i.e., state agencies lacking funds may be able to take advantage of HIMAG programs if HIMAG assumes the cost.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1673 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 475 Finance on H.B. No. 278

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.

An investment tax credit of not more than 4 per cent to offset the general excise and use taxes imposed on the purchase of capital goods 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. 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, 1978. 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 time period for allowance of the credit to property purchased before January 1, 1984. A five year period should allow enough time for the full impact of the tax to take place. (Page 1, lines 8 and 9).
- (2) Corrected chapter reference. (Page 1, line 12).
- (3) Added the words "does not". (Page 2, line 10)
- (4) Set the rate of credit at 4 per cent and corrected the section references. (Page 3, lines 21-22).
- (5) Renumbered Section 3 and added a new Section 3 to indicate the effect of the bracketed and underscored language.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 278 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. 278, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 476 Finance on H.B. No. 45

The purpose of this bill is to broaden the scope of the activities performed by the corps of civilian workers.

The corps of civilian workers is a special program of forestry conservation utilized whenever the level of unemployment in an island of the State reaches six per cent of the total labor force of the island and remains at that level or higher for a period of three continuous months.

Your Committee agrees that the range of permissible work activity during periods of high unemployment will be increased by broadening the activity scope of the corps of civilian workers to include conservation, recreational site work and highway cleanup.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 45, H.D.1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 477 Consumer Protection and Commerce on H.B. No. 1674

The purpose of this bill is to ensure safety measures in the use of drugs by requiring more exacting information on drug labels. This bill requires drug labels to include the name, strength, and quantity issued of the drug, and the specific directions for use, and eliminates use of the notation "take as directed".

Your Committee feels that with our increasing elderly population, many of whom take a number of drugs on a regular basis, there is a greater possibility of confusion in drug taking, and thus, a need for more specific labelling. Your Committee also feels that more specific labelling can be an aid in identifying cases of accidental or intentional overdose, and in calling for refills or complaining of adverse reactions.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1674 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

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

SCRep. 478 Consumer Protection and Commerce on H.B. No. 498

The purpose of this bill is to establish the standard of care that directors of corporations will be held to in the exercise of their fiduciary duties on behalf of their corporations.

At present, there are no statutory laws which deal directly with the standard of care a director will be held to although there is a body of common law which does define it. Your Committee finds that this bill would codify this existing common law and as such, will define with particularity and make readily available for inspection, said standards.

Your Committee does not intend by this bill to limit the application of common law to the actions or inaction of directors. Actions taken against directors for breach of fiduciary duty, misfeasance or negligence under the provisions of this bill are not intended to limit the complainant's right to join common law causes of action or to impose common law standards of care.

While in accord with the intent of this bill, your Committee feels that the wording contained in subsection (e) implies that a director must have actual knowledge of information or circumstances which would render reliance under subsection (c) unwarranted, and is therefore in derogation of common law. Accordingly, your Committee has amended subsection (e) to reflect the common law that a director is presumed to not be acting in good faith if he has or should have knowledge that his reliance on certain matters is not in the best interests of the corporation.

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

Signed by all members of the Committee.

SCRep. 479 Consumer Protection and Commerce and Health on H.B. No. 166
(Majority)

The purpose of this bill is to provide to consumers the opportunity to obtain prescription drugs at a cost savings by permitting dispensing pharmacists to substitute generic drugs for brand name drugs when filling prescriptions.

Under present law, the dispensing of a different drug or brand of drug in place of the drug or brand prescribed or ordered without express permission from the prescriber or orderer is prohibited.

Your Committees feel that permitting generic drug substitution will function to the benefit of consumers and that resultant cost savings will be realized. Your Committees find from the testimony presented that generic drugs are measurably less expensive at retail than their brand name counterparts in this State and that consumers can benefit from this price differential.

Testimony in support of this bill from federal sources was heard from representatives of the Bureau of Drugs, Food and Drug Administration; the Bureau of Consumer Protection, Federal Trade Commission; and the National Center for Health Services Research, Department of Health Education and Welfare.

State department representatives testifying in favor of this bill were Walter Yamashiro, Director of the Office of Consumer Protection; Robert Miller, Antitrust Division, Department of the Attorney General; Rick Eichor, Medicaid Fraud Unit, Department of the Attorney General; George Yuen, Director of the Department of Health; and Andrew Chang, Director of the Department of Social Services and Housing.

Your Committees also heard favorable testimony from Marvin Hall, Senior Vice-President, HMSA; Robert E. Willcox, Administrator of Kaiser Foundation Hospitals; Rose Horner of the National Retired Teachers Association; Francis B. DeMello of the Maui County Senior Citizens; and numerous representatives from the Kokua Council for Senior Citizens. Other community groups in support were the Hawaii Council of Churches and the ILWU.

While also in agreement with the intent of this bill, your Committees feel that several changes are necessary to further effectuate it. First, subsection (b) of the drug product selection section has been amended to clearly delete oral prescriptions from substitution unless said oral prescription is a refill of a prior written prescription for which selection of an equivalent drug product was permitted. Your Committees feel that this provision will eliminate potential disputes between prescriber and pharmacist over whether an oral order was, in fact, directed to be non-substitutable.

Secondly, H.B. No. 167, which repeals the present prohibition of the substitution of a different drug or brand of drug for that prescribed, has been incorporated into this bill and has been amended to retain the prohibition contained therein except as provided by the provisions of this bill. Penalty provisions for the violation of this enforcement section are contained in section 328-2, Hawaii Revised Statutes.

Your Committees feel that this bill is the simplest and most efficient means of implementing the cost savings intent. By its terms, H.B. No. 166, H.D. 1, will permit the substitution of a generic drug for a drug prescribed by its brand name under certain conditions:

1. The definition section adopts standard definitions of "established name" and "prescriber," and defines "equivalent drug products" in terms of both composition and therapeutic equivalence as listed in the current state drug formulary.

2. Drug product selection subsection (a) permits, rather than mandates, pharmacists to select an equivalent drug for dispensing and limits substitution to those drugs listed in the state drug formulary. Further, the phrase "person receiving a drug pursuant to prescription" refers to a person, who may or may not be the actual patient, who brings the prescription to the pharmacy and receives the drug after the prescription has been filled.

3. Subsection (b) recognizes the absolute authority of the prescriber to insist upon a particular drug judged medically necessary. Requiring that "medically necessary" or similar words be written on the face of the prescription form requires an affirmative act of the prescriber and insures that the decision is made consciously. Prescribers must be informed, of course, of the necessity of designating a particular brand as medically necessary and this function will be provided by the Department of Health pursuant to its educational duties and in the establishment, maintenance and distribution of the drug formulary. Further, physicians are presumably aware of laws which affect their profession.

4. Subsection (c) directs that a pharmacist substitute, if at all, only those generic drugs that are lower in price than the ones prescribed. A mandatory pass-on of all cost savings to consumers is not required of pharmacists.

5. Subsection (d) requires that the person receiving the drug pursuant to the prescription be notified of the selection of a lower-cost generic and of the right to insist instead upon receiving the brand prescribed. This notice serves not only to alert the purchaser to expect to pay a lower charge, but also encourages pharmacists to help educate consumers about the cost benefits of drug product selection.

6. The prescription label section will require all labels to include the dispensed product's name or its generic name and the name of the manufacturer, packer or distributor.

7. The prescription record section requires the pharmacy file copy of every prescription to include the name of the product dispensed as well as its manufacturer, packer or distributor.

8. Subsection (a) of the drug formulary section requires that the Department of Health maintain a positive formulary listing those equivalent drug products eligible for selection by pharmacists. The formulary automatically includes all drug products determined therapeutically equivalent and approved as safe and effective by the Federal Food and Drug Administration. The subsection also permits the department to list additional drug products which it determines meet requirements adequate to assure product quality and therapeutic equivalence. Your Committees find that the use of a formulary will enhance the intent of this bill by encouraging pharmacists to substitute by providing guidance in the form of a comprehensive list of substitutable products.

9. Subsections (b) and (c) of the drug formulary section require that the Department of Health or its designee revise and distribute the formulary.

10. Subsection (d) requires that the Department of Health assess the need and where appropriate provide for public education about the drug product selection law. Your Committees feel that informed consumers may encourage the substitution of lower-cost generic drug equivalents more frequently than pharmacists or prescribers. Pharmacists and prescribers also need to be informed about their responsibilities and options under this bill. This subsection also requires the periodic monitoring of the effects of the drug product selection law. Your Committees feel that it is a useful allocation of resources to examine the effectiveness of this bill and to recommend modifications when and if

necessary.

11. The pharmacist liability section is intended to provide that pharmacist liability for product selection will not exceed the liability incurred when filling a generically written prescription.

Your Committees on Consumer Protection and Commerce and Health are in accord with the intent and purpose of H.B. No. 166, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 166, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.
(Representative Sutton did not concur.)

SCRep. 480 Consumer Protection and Commerce and Judiciary on H.B. No. 867

The purpose of this bill is to remove the requirement that an appeal of a decision of the Liquor Commission to the Circuit Court be de novo.

Under present law a decision of the Liquor Commission, appealed to the appropriate circuit court, is required to be heard by that court de novo, that is, anew, with the findings of an evidence brought before the Commission of no force and effect. This bill would remove the requirement that the court accept the matter de novo, and consequently would allow it, in its discretion, to accept or reject findings and/or evidence from the prior administrative action.

Your Committees find that the requirement that the Circuit Court hear appeals from the Liquor Commission's decisions de novo causes duplicative hearings, is time-consuming and places an unnecessary burden upon our already crowded court system. Further your Committees find that inasmuch as the Liquor Commission hearings are conducted pursuant to the administrative procedures act (chapter 91, Hawaii Revised Statutes), appellants are afforded adequate safeguards and protection. Accordingly, your Committees having found the foregoing, feel that the requirement should be deleted, and recommend favorable consideration of this bill.

Your Committees on Consumer Protection and Commerce and Judiciary are in accord with the intent and purpose of H.B. No. 867 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 481 Judiciary on H.B. No. 737

The purpose of this bill is to provide for confidentiality of Federal tax returns and information required to be filed with the Hawaii inheritance and estate tax return pursuant to chapter 236, Hawaii Revised Statutes.

Your Committee heard testimony that under present law, there is no specific provision in chapter 236, Hawaii Revised Statutes, pertaining to confidentiality of Federal tax returns and tax information notwithstanding section 6103(p)(8) of the Internal Revenue Code which prohibits, after December 31, 1978, the disclosure of Federal tax return information to states requiring the filing or reporting of Federal tax return information which have not adopted provisions of law protecting the confidentiality of Federal tax return information. This bill would bring Hawaii into conformance with the Federal law.

Your Committee further heard testimony that Act 139, Session Laws of Hawaii, 1974, and Act 172, Session Laws of Hawaii, 1978, were enacted to provide that an income tax return and return information required to be filed under chapter 235 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. Administratively, the Federal estate tax return is required to be attached to the Hawaii Inheritance Tax Record. However, chapter 236, Inheritance and Estate Taxes Law was inadvertently omitted in the Act relating to confidentiality of tax records.

Your Committee finds that this administrative measure will conform the Hawaii statutory tax provisions with the requirements of Internal Revenue Code Section 6103(p)(8)

and resume the flow of Federal estate tax information from the Internal Revenue Service which has been suspended pending the enactment of this bill.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 737 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 482 Judiciary on H.B. No. 613

The purpose of this bill is to permit the Governor or a mayor to waive the requirement of section 91-3, Hawaii Revised Statutes, for public hearings prior to the adoption, amendment or repeal of agency rules, whenever such rules are required by the Federal Government as a condition for receiving Federal funds. Because the adoption, amendment, or repeal of such rules is not subject to change as a result of a public hearing, the hearing would not serve a useful purpose in these instances.

Your Committee heard testimony and is in agreement that public hearings are expensive and time-consuming, and should not be required where such rules are required for the receipt of Federal funds. However, the bill does not affect the requirement that the public must be notified of any rule adoption, amendment, or repeal prior to implementation. Furthermore, the bill has provided a safeguard to arbitrary agency action by giving only the Governor or appropriate mayor of a county the power to waive the public hearing requirement. Finally, the bill states that the waiver provision is applicable only when an agency is allowed no discretion as to the substance of the rules required.

Your Committee has amended this bill to correct typographical errors.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 613, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 613, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 483 Consumer Protection and Commerce on H.B. No. 1186

The purpose of this bill is to enable the Department of Regulatory Agencies to coordinate the scheduling of its examinations of financial institutions with federal agencies on an eighteen month cycle and to direct the bank examiner to adopt rules respecting examination priorities, frequency, and scope.

Under present law the bank examiner is required to examine the condition and resources of most financial institutions on an annual basis. In most cases, the examinations have been jointly conducted with federal agencies who were also on a twelve month cycle; however, the federal agencies contemplate lengthening the examination cycle to eighteen months and varying the scope of the examination depending on the condition and resources of the institutions involved.

Your Committee is in agreement that the bank examiner be allowed to coordinate the State's examinations with those of the federal agencies in order to maintain the effectiveness and efficiency of the examination program. Providing for rules respecting examination priorities, frequency, and scope will facilitate coordination.

Moreover, your Committee intends that the rule making power given to the bank examiner with respect to the scope of examinations be consistent with the present requirement that examinations be complete. This power should be construed to allow the bank examiner to determine what constitutes a complete examination for the various classes of financial institutions, and should not be construed to allow a less than complete examination.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1186 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

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

SCRep. 484 Finance on H.B. No. 1505

The purpose of this bill is to provide that gratuities collected by an employer on behalf of employees and disbursed to them are not subject to the general excise tax of 4 per cent.

Your Committee finds that when there is direct tipping for services there is no general excise tax liability. The moneys are part of the income of the employee and in no way accrue as income to the business operation. This bill would treat price-inclusive service charges and negotiated gratuities in the same exempt manner where the employer merely acts as a conduit between the customer and the employee.

Furthermore, your Committee finds that when the employer acts as a conduit, records of gratuities collected and disbursed are maintained and reported to the government. This enables the Department of Taxation to more effectively ascertain the accuracy of certain individual income tax returns.

Inasmuch as tips and gratuities are not income to the businessman but to the employee, your Committee believes that this exemption is reasonable.

Your Committee has amended the bill to provide for an exemption of these gratuities under the general excise tax law rather than redefining gross income to accomplish the same purpose.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1505, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1505, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 485 Ocean and Marine Resources on H.R. No. 278

The purpose of this House Resolution is to request President Carter to invoke the Pelly Amendment to the Fishermen's Protective Act to prevent the illegal slaughter of whales.

Your Committee finds worldwide populations of Humpback Whales have come under heavy pressure from human occupation of their territories and exploitation of their numbers for centuries. The result of this exploitation has placed these creatures near the brink of extinction.

Your Committee further finds that the practice of "pirate whaling" by those who have no regard for the regulations of the International Whaling Commission may irretrievably decimate the remaining populations of Humpback Whales throughout the world.

Your Committee recognizes that Hawaii is uniquely blessed with the annual migration of a population of endangered Humpback Whales to their traditional calving grounds in the protected seas off Maui and that their presence is so strongly felt and appreciated by the people of Hawaii that they have been designated as Hawaii's marine mammal.

Your Committee has also concluded that it is imperative, both for the survival of the Humpback Whale and the integrity of the United States, that the President invoke the Pelly Amendment as an effective instrument of United States public policy.

Your Committee on Ocean and Marine Resources is in accord with the intent and purpose of H.R. No. 278 and recommends its adoption.

Signed by all members of the Committee except Representative Garcia.

SCRep. 486 Ocean and Marine Resources on H.C.R. No. 37

The purpose of this House Concurrent Resolution is to request President Carter to invoke the Pelly Amendment to the Fishermen's Protective Act to prevent the illegal slaughter of whales.

Your Committee finds worldwide populations of Humpback Whales have come under heavy pressure from human occupation of their territories and exploitation of their numbers for centuries. The result of this exploitation has placed these creatures near

the brink of extinction.

Your Committee further finds that the practice of "pirate whaling" by those who have no regard for the regulations of the International Whaling Commission may irretrievably decimate the remaining populations of Humpback Whales throughout the world.

Your Committee recognizes that Hawaii is uniquely blessed with the annual migration of a population of endangered Humpback Whales to their traditional calving grounds in the protected seas off Maui and that their presence is so strongly felt and appreciated by the people of Hawaii that they have been designated as Hawaii's marine mammal.

Your Committee has also concluded that it is imperative, both for the survival of the Humpback Whale and the integrity of the United States, that the President invoke the Pelly Amendment as an effective instrument of United States public policy.

Your Committee on Ocean and Marine Resources is in accord with the intent and purpose of H.C.R. No. 37 and recommends its adoption.

Signed by all members of the Committee except Representative Garcia.

SCRep. 487 Finance on H.B. No. 1654

The purpose of this bill is to clarify the application of payments under the Aquaculture Loan Program.

This bill proposes to amend the contradictory provisions of HRS 219-5(7) that requires all moneys collected to be deposited in the aquaculture loan revolving fund, while HRS 219-4 requires that interest and fees are deposited into the reserve fund and payments received on account of principal be deposited into the revolving fund.

The changes made by this bill will provide for the depositing of fees and interest into the reserve fund and of principal into the revolving fund.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1654 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 488 Finance on H.B. No. 603

The purpose of this bill is to increase the pharmacist examination fee.

Your Committee agrees that the increase in examination fees from \$37.50 to \$50.00 is necessary to defray the cost of the examination and grading services of the National Association of Boards of Pharmacy as well as the administrative costs of the Department of Regulatory Agencies.

Your Committee has amended this bill to correct a drafting error (page 1, lines 15 and 16), inserted a new Section 2 regarding bracketed and underscored material, and renumbered the last section.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 603, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 603, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 489 Finance on H.B. No. 716

The purpose of this bill is to require the formulation of an "employment" functional plan.

Your Committee believes that manpower needs must be addressed as an essential element of the overall comprehensive planning for the State. A functional plan on employment will necessarily be tied closely with other functional plans and may serve as a coordinative mechanism to link together occupational needs with job training and vocational education programs.

It is anticipated by your Committee that the department of labor and industrial relations will have the responsibility for the employment functional plan, and will be assisted in its efforts by the commission on manpower and full employment, as well as other governmental agencies.

Your Committee has amended this bill to correct drafting errors as follows:

1. Deleted unnecessary heading (Page 1, line 4).
2. Inserted the word and punctuation "recreation," (Page 4, line 16).

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 716, H.D. 1, as amended herein and recommends that it pass Third Reading in the form attached hereto as H.B. 716, HD 2.

Signed by all members of the Committee.

SCRep. 490 Finance on H.B. No. 287

The purpose of this bill is to increase the statutory amount that may be charged for certified copies of certificates and for file searches by the Department of Health.

This bill proposes to amend Hawaii Revised Statutes Section 338-14 to increase to \$3.00 the fee for issuing a certified copy of a vital record (birth, death, marriage and divorce certificates) and to \$5.00 the hourly fee for searching files for records which do not involve issuance of certified copies.

The additional revenues should offset costs of modernizing what is now an entirely manual system for retrieval of documents which has had no significant modification since 1949. Your Committee agrees that an increase in fees is warranted to meet the rising operational expenses and needs for expanded service to the public.

Your Committee has amended this bill to add the word "the" that was omitted from the original draft (Line 8 before the word "fees", page 1). Your Committee has also added a new Section 2 regarding bracketed and underscored material and the old Section 2 is renumbered 3.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 287, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 287, H.D. 1.

Signed by all members of the Committee.

SCRep. 491 Finance on H.B. No. 583

The purpose of this bill is to improve the enforcement of the statewide litter control program by redefining some terms, clarifying violations, and increasing the maximum fine for offenses.

Since the enactment of the Litter Control Act in 1977, the department of health has had the experience of implementing the Act and was therefore able to recommend amendments to it to provide a more effective framework for litter control.

Your Committee agrees that the present \$10.00 fine for litter violations is inadequate to reflect the serious concern felt by the State over the litter problem. In order to give the courts the flexibility to penalize appropriately according to the seriousness of the violation, this bill would raise the maximum fine to \$250.00. It is the hope of your Committee that the more severe penalty will deter littering.

Your Committee has amended this bill to correct errors in the original draft as follows:

1. Corrected reference to Special Session of Hawaii: 1977 (Page 1, lines 3 and 4).
2. Deleted the word "any" as unnecessary. (Page 2, line 19).
3. Deleted the word "and" as unnecessary. (Page 5, line 21 and page 6, line 6).
4. Added a new Section 7 relating to bracketed and underscored material and renumbered the last Section.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 583 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 583, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 492 Judiciary on H.B. No. 422

The purpose of this bill is to expand the boundaries for the offense of possession of gambling records in the first degree by including those persons who distribute as well as produce documents commonly used in the operation or promotion of lottery schemes and by clarifying the definition and monetary amounts of such documents.

Your Committee received testimony that current statutes address only persons who possess gambling records but do not include those core offenders who print or distribute these articles. Furthermore, the law makes no mention regarding the amount a person may win to be held in violation of the gambling statute thereby resulting in an increase in the number of pool tickets with extremely high amounts of possible monetary gain.

Your Committee is of the opinion that by including the core offenders who distribute and produce gambling records and by specifying the amount a person may win would not only provide for more effective and economical law enforcement directed at these individuals but also curb the number of pool tickets with extremely high amounts.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 422 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 493 Ecology and Environmental Protection on H.B. No. 384

The purpose of this bill is to permit the use of waste heat from air-conditioning units to provide hot water for domestic and other use.

At present, the use of a single-wall exchanger to recover waste heat from air conditioning units is not permitted because of possible contamination of water. Your Committee agrees with testimony from the Building Department, City and County of Honolulu; the Department of Health, the Energy Recovery Committee; and the Department of Planning and Economic Development that this bill would make possible significant savings of energy. The use of a non-toxic refrigerant would protect the public health and safety.

Since the responsibility for public health and safety rests with the Department of Health, your Committee recommends that the bill be amended to provide for that agency rather than the counties to establish criteria for and monitor the installation and use of heat exchangers.

This amendment would change (b) on page 2 as follows:

"(b) The department of health shall adopt appropriate rules and regulations to carry out this section."

Your Committee on Ecology and Environmental Protection is in accord with the intent and purpose of H. B. No. 384, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H. B. No. 384, H. D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 494 Transportation on H.B. No. 189

The purpose of this bill is to authorize the director of transportation to appoint volunteer boating enforcement officers, without pay, to enforce the State Boating Law (Chapter 267, Hawaii Revised Statutes) and all rules adopted pursuant to it. This bill confers upon such officers the powers of police officers to carry out the purposes of Chapter 267 including the power to serve and execute warrants, arrest offenders, serve notices and orders, and to stop, board, investigate and inspect vessels.

The Department of Transportation (DOT) has testified that there are only nine full-time DOT employees currently enforcing boating safety and small boat harbors laws and regulations on Oahu. Your Committee believes that although an additional officer will be added to this force, the director of transportation should have the statutory power to appoint volunteer boating enforcement officers to supplement the ten full-time DOT employees.

Your Committee is aware that the lack of enforcement officers is a particularly acute problem at the Hawaii Kai Marina, which encompasses approximately 260 acres of surface area and 12 miles of shoreline. Prior to 1973, the marina was operated for the private use of Hawaii Kai residents, at which time the U.S. Army Corps of Engineers determined that the marina should be open to the public and filed suit in Federal District Court to accomplish this. Although the marina is currently open to the public, the ruling establishing federal jurisdiction is under appeal to the U.S. Supreme Court.

Your Committee agrees with testimony presented by Hawaii Kai community organizations and residents and the lessee of the marina, KACOR Realty, Inc., that State boating laws and regulations are not being enforced. The Hawaii Kai Marina Patrol, a privately funded security force which enforced boating regulations before the marina was made public, continues to report boating violations to the State Harbor Division. However, few citations have been issued to violators. Your Committee supports authorizing the director of transportation to appoint the Hawaii Kai Marina Patrol as volunteer boating enforcement officers to enforce State boating laws until sufficient DOT personnel are available to patrol the marina and all other similarly situated facilities.

Your Committee agrees with the Department of Transportation that boating enforcement officers must be disciplined persons, well-trained in law enforcement procedures, and well-versed in the safe operation of vessels. The director of transportation may promulgate rules and regulations under Chapter 267 to insure that persons appointed as voluntary boating enforcement officers are properly trained in law enforcement procedures and fully knowledgeable of the State Boating Law. Your Committee believes that voluntary enforcement officers should not be considered state employees and that the State should not be held liable for their actions. Your Committee has therefore added a new section to the bill amending Section 662-15, Hawaii Revised Statutes, creating an exception to the State Tort Liability Act for boating enforcement officers appointed under Section 267-6.

Your Committee on Transportation is in accord with, the intent and purpose of H.B. No. 189, amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 189, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 495

Finance on H.B. No. 707

The purpose of this bill is to amend the benefit schedules under the Workers' Compensation Law so that persons who suffer the same type of disabilities would receive identical benefits.

Presently, the benefits awarded to permanent partial disability are based on the injured worker's average weekly wages. Accordingly, the worker with a lower weekly compensation rate receives less than a worker who is paid a higher salary for the loss of an arm or any identical injuries.

Your Committee agrees that the worker compensated at a lower weekly rate than another should not be discriminated against in any awards for permanent partial disability. This bill establishes a more equitable indemnity schedule.

Your Committee has amended this bill to correct errors in the draft submitted to your Committee as follows:

1) Added semicolons (page 1, lines 11 and 15; page 2, lines 2, 6 and 10; and page 3, lines 1, 4, 12, 15, 18 and 21).

2) Added the phrase "For loss of one ear, forty [weeks;] times the effective maximum weekly benefit amount prescribed in section 386-31; (page 4, end of line 15).

3) Corrected the phrase "his weekly earnings" (page 8, lines 2 and 3).

- 4) Added new Section 2 relating to bracketed and underscored material.
- 5) Renumbered Section 2 as Section 3.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 707, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 707, H.D. 2.

Signed by all members of the Committee.

SCRep. 496 Finance on H.B. No. 1637

The purpose of this bill is to designate the department of land and natural resources as the lead agency for the development and coordination of aquaculture programs in the State.

In addition, in order to promote efficient management of aquaculture, the Governor may transfer existing aquaculture funds, records, property, personnel and programs of the State government to the department of land and natural resources.

The department of land and natural resources has been a foremost proponent of the development of the aquaculture industry in the State of Hawaii. Through its various divisions, the department also administers many programs and services which are basic to the aquacultural concerns.

In light of the foregoing, your Committee agrees that the assignment of aquaculture development activities should be made to the department of land and natural resources.

Your Committee has amended this bill on page 4 as follows:

- 1) Deleted the word "the" at the end of line 8.
- 2) Inserted the word "state" before parks on line 12.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1637, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1637, H.D. 1.

Signed by all members of the Committee.

SCRep. 497 Public Employment and Government Operations on H.B. No. 1104

The purpose of this bill is to change existing Hawaii law relating to police escorts for funerals.

Pursuant to Hawaii Revised Statutes 52-16, police officers are currently required to escort funerals while on duty. Testimony from the State of Hawaii Organization of Police Officers indicated such assignments are mandatory and that in 1978 escorts were furnished for 1,368 funerals statewide. This involved the use of 3,254 officers and a total of 3,267 man hours.

Your Committee believes that funeral escorts should continue to be provided as a public service to the community, but with the growing concern over the rising crime rate, only off-duty officers should be assigned, and they should be compensated in accordance with the prevailing departmental special duty rate. In addition, to alleviate concern over possible favoritism, all officers furnishing such services should be assigned on a rotating basis. Your Committee therefore recommends that Section 1 of the bill be amended to read as follows:

"The police department of each county, upon request, shall assist in the assignment of off-duty police officers to escort funeral processions and to otherwise adequately regulate traffic in connection with funerals. All police officers furnishing such services shall be compensated at the prevailing departmental special duty rate. The department shall develop an equitable selection process whereby all police officers on funeral escort duty will be assigned on a rotating basis."

The bill was further amended to correct a drafting error in line 7, page 1 changing the word "process" to "procession."

The bill as amended will promote more effective utilization of police man hours by releasing officers from escort duty and allowing them to pursue their normal law enforcement responsibilities on an uninterrupted basis.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 1104, as amended herein, and recommends it pass Second Reading in the form attached hereto as H.B. No. 1104, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 498 Public Employment and Government Operations on H.B. No. 1494

The purpose of this bill is to provide that all state or county officers must be citizens, nationals or permanent resident aliens of the United States.

Pursuant to HRS 78-1(b), all public employees must be citizens, nationals or permanent resident aliens, but the statute is presently unclear with respect to officers, or those who participate directly in the formulation, execution or review of broad public policy. Testimony from the Attorney General's Office indicated that the state may constitutionally impose a citizenship requirement on certain individuals because of the special demands of their particular positions.

Your Committee is in agreement that existing Hawaii law should be amended accordingly, but finds that H.B. No. 1494 as presently worded is overly broad and appears to go further than necessary. It is therefore recommended that the following amendments to Section 1 be made to clarify matters and more accurately reflect the prevailing legal opinion on the subject:

a) Amend Subsection (a) to provide that all state or county officers, whether elective or appointive, must be citizens and residents for at least three years prior to their appointment.

b) Amend Subsection (b) to provide that all appointive state or county officers in the executive branch of government, other than department heads and their first and second deputies or assistants, must be citizens, nationals or permanent resident aliens. This specifically confines the citizenship requirement to only those individuals who are directly involved in major decision-making processes or the execution of policy which has a substantial effect on all members of the community.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 1494, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1494, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 499 Youth and Elderly Affairs and Public Assistance and Human Services on H.B. No. 340

The purpose of this bill is to protect the rights and interests of elderly persons living in multi-unit residential buildings (facilities) usually financed under a lease arrangement where the buyer (lessee) pays for a life tenancy in a living unit and pays thereafter only to cover costs of special services, operation and maintenance.

The bill provides for the desired protection through complex, and perhaps overly stringent licensing requirements and requirements for inspections and the issuance of citations providing harsh penalties.

Your Committees determined that this bill was too strongly worded in light of the testimony received by your Committees and have modified the bill to address what seems to be the most immediate concern.

The bill as amended, provides protection of elderly residents' rights and interests by mandating the governing body of any facility, as defined in the bill, to create an "advisory body" with resident membership of at least two residents or twenty-five percent of the total membership, whichever is greater. The advisory body shall submit recommendations on operation and management to the governing body of the facility.

Your Committees on Youth and Elderly Affairs, and Public Assistance and Human Services are in accord with the intent and purpose of H.B. No. 340, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 340, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 500 Consumer Protection and Commerce on H.B. No. 82

The purpose of this bill is to maximize the effectiveness and efficiency of the Hawaii Regulatory Licensing Reform Act.

Under present law the task of preparing the regulatory impact statement falls on the board or commission which is being reviewed for sunset purposes. This bill would shift this burden along with the preparation of impact statements for statutory chapters relating to professional and vocational regulation that do not create boards or commissions, to the Legislative Auditor.

While in agreement with the intent of this bill, your Committee has made substantial changes to the review procedure. The Legislative Auditor is retained as the primary reviewer but both the regulatory impact statement and the need for a joint legislative committee has been done away with in Section 1.

Section 2 creates a new two step process whereby the Legislative Auditor first evaluates each board, commission or regulatory program to be reviewed under section 26H-4, Hawaii Revised Statutes, and determines whether the regulatory program established by the chapter is in compliance with the sunset policy of section 26H-2. Should the Legislative Auditor find that the public interest requires continued regulation under the chapter, he shall evaluate the effectiveness of the existing regulatory program and shall submit his recommendations to the legislature for final review. Your Committee feels that this is the most logical approach to review for sunset purposes.

Section 3 provides a new procedure for review of measures proposed to regulate a previously unregulated activity whereby the Director of the Department of Regulatory Agencies shall perform an analysis of each measure, and submit each report of analysis to the legislature for final action.

Your Committee feels that this bill as amended will better provide for consumer interests to be represented in the aforementioned evaluation and will provide for a more objective viewpoint in assessing the value of the particular regulation under review.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 82, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 82, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 501 Consumer Protection and Commerce on H.B. No. 1216

The purpose of this bill is to clarify provisions relating to the scope of Article 9 of the Uniform Commercial Code, Chapter 490, Hawaii Revised Statutes, and the re-filing and re-recording requirements of Article 11 when the perfection of a security interest lapses by operation of law.

Under present law, deposit accounts are included under Article 9 by Act 155, Session Laws 1978, and the concurrent addition of new provisions, section 490:9-105(e), Hawaii Revised Statutes, defining "deposit account" and section 490:9-302(h) stating how a security interest in a deposit account is to be perfected.

Your Committee finds that the intent of the Legislature in 1978 was to include deposit accounts within the coverage of Article 9 for purposes of security interest perfection. Your Committee also feels that exclusion of deposit accounts from Article 9 in light of the above mentioned concurrent provisions would create an apparent contradiction and uncertainty in the status of security interests in said accounts.

Your Committee has therefore amended H.B. No. 1216 by deleting Section 1, thereby including deposit accounts within the scope of Article 9 and eliminating the uncertainty.

Your Committee further finds that Section 2 of H.B. No. 1216 would correct what appears to be a drafting error in Act 155, Session Laws 1978, relating to the refiling requirements of Article 11. Your Committee is aware of the intent of Article 11 to provide transitions necessitated by the various amendments made to the Code by Act 155 for existing perfected interests. Your Committee is in agreement with the intent of this bill to correct those apparent inadvertent mistakes.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1216, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1216, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 502 Consumer Protection and Commerce on H.B. No. 1668

The purpose of this bill is to clarify certain vague prohibitions and requirements contained in Chapter 149A, Hawaii Revised Statutes, to initiate fees for the certification of restricted pesticide applicators, to correct legal terminology, and to provide for penalties which conform to the definition of misdemeanor in section 701-107, Hawaii Revised Statutes.

Under present law there have been unintentional violations through misunderstanding of vague provisions. Also, there are no fees for the certification of restricted pesticide applicators, and therefore no means to recover expenses incurred in administering the certification program.

Your Committee is in agreement that these clarifications and corrections are desirable, that expenses incurred in the administration of the certification program should be recovered through fees, and that the penalties should conform to the standard classification of misdemeanor.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1668 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 503 Consumer Protection and Commerce on H.B. No. 1640

The purpose of this bill is to allow trade exhibitors and trade organizations to obtain a permit enabling them to import liquor for purposes of display and sampling at trade shows, food and beverage shows and international expositions.

Under present law, liquor importation is limited to only duly licensed wholesalers. This practice has placed trade show exhibitors in a disadvantageous position when attempting to introduce new products and brands of liquor into the State for display and sampling purposes.

The proposed bill would allow liquor to be imported for promotional purposes by the issuance of permits and under certain regulated conditions, including a \$2,000 value limit per exhibitor, adequate posting of bond and proper disposal and consumption of the liquor.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1640 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 504 Consumer Protection and Commerce on H.B. No. 1459

The purpose of this bill is to provide notification to registered and legal owners of towed vehicles and vehicles left for repair of the location of their vehicles and to prevent the accumulation and assessment of excessive storage fees by towing companies and repair businesses.

Your Committee finds from the testimony presented that towing companies and repair

businesses have been able to accumulate and assess large storage fees by not notifying the vehicle owners of the location of their vehicles. Your Committee is in accord with the intent of this bill to prevent this practice by requiring notification to be made within a specified time period. Failure of the owner to act after receiving notice will result in fees being accumulated as usual.

While in agreement with the intent of this bill, your Committee has amended the notification procedure to conform with other statutory and legal requirements relating to service and notice. By requiring that notice be mailed restricted delivery, return receipt requested, the sender will be provided proof of notification or where delivery is refused, evidence of compliance with the notification procedure.

Furthermore, your Committee feels that requiring the towing company or repair business to notify the owner at the address on record at the motor vehicle licensing division will discharge their responsibility in locating the owner and will not require any further investigation into determining his or her whereabouts.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1459, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1459, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 505 Judiciary on H.B. No. 403 (Majority)

The purpose of this bill is to broaden the definition of a repeat offender within the meaning of section 706-606.5, Hawaii Revised Statutes, relating to the sentencing of such offenders, by changing such definition from a person convicted more than once for the same felony, to a person convicted more than once for any class A or B felony.

Presently, a person convicted previously for certain felonies listed in section 706-606.5 is sentenced mandatorily to a minimum of five years of imprisonment for a second conviction for the same felony and ten years for a third conviction. Thus, as long as a person convicted of a certain felony commits and is convicted of a different felony, he would not be considered a repeat offender notwithstanding the fact that felony one may have been murder and felony two rape in the first degree. This bill would eliminate this incongruous situation.

Your Committee, however, received testimony that the minimum mandatory sentence of imprisonment contained in present law and retained in the proposed law, is neither the most efficient nor the most just means of handling repeat offenders because it precludes any consideration of the individual, specific and otherwise unique facts and circumstances that surround most, if not all, crimes, criminals, and the latter's response to imprisonment.

Accordingly, your Committee has amended this bill to eliminate the minimum sentence of imprisonment provision by returning the authority to set minimum sentences of imprisonment to the Hawaii Paroling Authority.

Your Committee further amended the bill by reinstating the list of offenses for which section 706-606.5 applies, adding manslaughter and unlawful imprisonment in the first degree, and extending the section's application to additional degrees of the types of offenses enumerated therein to encompass all classes of these felonies. Thus, as amended, this bill would apply to more types of offenses and lower degrees thereof.

Your Committee resolved the problem of the incongruous requirement that a person commit identical felonies to be considered a repeat offender by specifying that a subsequent conviction for any of the types or degrees enumerated would make such a person a repeat offender.

Finally, your Committee amended the bill to limit the period for which a person would still be considered a person convicted of a prior felony to the period in which he was on probation, on parole, in prison, or otherwise under sentence for that prior conviction.

Therefore, as amended, this bill would require that a person convicted of a subsequent felony of any of the types and degrees enumerated in section 706-606.5 while still under the court's jurisdiction for a prior felony conviction of such types or degrees, be mandatorily sentenced to the maximum term of imprisonment provided by law, but with the minimum term thereof to be set by the Hawaii Paroling Authority.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 403, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 403, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 506 Judiciary on H.B. No. 404

The purpose of this bill is to modify the requirement of prompt complaint applicable to sex offenses in order to eliminate the period within which a complaint must be made with respect to all minors.

Under present law, only victims under sixteen are excepted from the prompt complaint requirement which specifies that no prosecution can be instituted for a sex offense unless the offense is reported within a one month period of its alleged occurrence. Where such victims are involved, the law provides that a parent, guardian or other competent person specially interested in the victim must make the report within one month of learning of the offense. This bill would remove the requirement that one of these persons make the report and allow the victim himself to so do, and it would extend the exception to all victims who are minors rather than only those under sixteen.

Your Committee heard testimony that in numerous instances when a child has been the victim of incest, sexual abuse, or other sex related crimes, his report to a parent is either treated with disbelief or not forwarded to the proper authorities. Thus, these crimes go unresolved under present law if no action is taken by the parent within the prompt complaint time period.

Your Committee received further testimony that rape is a heinous act of violence which results in a severely traumatized victim. The decision of when that victim, especially a minor, is prepared to report the attack is a deeply personal one which cannot be forced by an arbitrary time limit. Moreover, young rape victims often are ignorant of the law or lack sufficient knowledge as to whom to turn to for help.

Your Committee agrees with the testimony received and finds that present law is inadequate in this area, and being of the opinion that this bill will rectify and correct such inadequacies, recommends its favorable consideration.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 404 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 507 Judiciary on H.B. No. 402

The purpose of this bill is to clarify the penalty provisions of sections 134-8 and 134-9, Hawaii Revised Statutes, by specifying that the penalty provisions contained in those sections take precedence over contrary law.

Your Committee heard testimony that present interpretation of the Hawaii Penal Code (HPC), has brought into question the penalty provisions of sections 134-8 and 134-9. As originally enacted, these laws were intended to require a minimum two year and a maximum five year sentence of imprisonment without probation. However, in light of conflicting provisions in the HPC, judges have been construing violations of these sections as class C felonies and have been sentencing convicted defendants accordingly, i.e., up to five years with no minimum term of imprisonment.

Your Committee feels that in order to clarify the confusion which has been created by the interpretation of these laws by judges, it is essential that the original intent of sections 134-8 and 134-9 be re-emphasized by explicitly stating that the two year minimum and five year maximum sentence without probation for persons convicted of possessing prohibited weapons shall supersede any contrary provision or provisions of the law.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 402 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 508 Judiciary on H.B. No. 925

The purpose of this bill is to conform the Hawaii Revised Statutes to the Constitutional Amendment to Article II of the State Constitution relating to registration of voters and voting.

This bill makes numerous housekeeping and other changes to Chapters 11 and 12 of the Hawaii Revised Statutes to effectuate the constitutional mandate that no person be required to declare a party preference or nonpartisanship as a condition of voting in any primary or special primary election.

Pursuant to the Committee of the Whole Report No. 16 of the 1978 Constitutional Convention, the bill provides for an open primary election system wherein voters are still required to vote only for the candidates of one political party or nonpartisan. It also provides that any ballot marked for candidates of more than one party or for candidates of one party and nonpartisan, will not be counted.

Your Committee finds that except for the provisions contained in sections 8 and 9 relating to official party and nonpartisan ballots, this bill will effectively and efficiently effectuate the amendment to Article II of the State Constitution.

With respect to the proposed statutory changes contained in Sections 8 and 9, however, your Committee recommends that these be combined into one section, section 12-21; that section 12-22 be deleted in its entirety; and that instead of attempting statutorily to specify the format of the ballots as the bill now does, the chief election officer be given the discretion to determine the format of the primary ballot, i.e., whether such ballot is to consist of separate party ballot cards, or a ballot listing all candidates grouped according to party or nonpartisanship. Accordingly, your Committee has amended the bill by modifying section 12-21 of the Hawaii Revised Statutes to provide for one official ballot instead of separate party and nonpartisan ballots; repealing Part III of Chapter 12; and conforming other sections of the bill to reflect the single ballot concept.

In addition, your Committee has made several nonsubstantive, style changes in various portions of the bill in order to clarify the amendments therein.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 925, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 925, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 509 Ecology and Environmental Protection and Water, Land Use,
Development and Hawaiian Affairs on H.B. No. 1659

The purpose of this Act is to permit the Director of Health to issue certificates to qualified wastewater treatment plant operators without the constraint of a statutory deadline.

Your Committees agree with testimony from the Department of Health that the existing application deadline appears to have no real purpose. Your Committees therefore recommend passage of this housekeeping measure which would permit the Department of Health to establish its own rules for certification.

Your Committees on Ecology and Environmental Protection and Water, Land Use Development and Hawaiian Affairs are in accord with the intent and purpose of H. B. 1659 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representative Anderson.

SCRep. 510 Ocean and Marine Resources on H.B. No. 1677

The purpose of this Bill is to amend Section 188-31 of the Hawaii Revised Statutes by adding the following:

"provided that no new aquarium fish permit shall be issued to any such permittee for a period of two years after the cancellation of his permit."

Testimony before your Committee by the Department of Land and Natural Resources reveals that Section 188-31, Hawaii Revised Statutes currently authorizes the Board of Land and Natural Resources or its agents to issue permits for the use of fine meshed traps or fine meshed nets other than thrownets, for taking marine or freshwater non-game fish for aquarium purposes. This section also provides authority for the cancellation of any aquarium fish permit for any infraction of the terms of the permit.

Your Committee finds that Section 188-31, Hawaii Revised Statutes has no provisions to suspend reissuance of cancelled permits when such action is deemed necessary to curb repeated infractions of the permit conditions.

Your Committee further finds the cancellation procedure is ineffective in discouraging repeated non-compliance with permit conditions.

Your Committee on Ocean and Marine Resources is in accord with the intent and purpose of H.B. No. 1677 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 Anderson.

SCRep. 511 Employment Opportunities and Labor Relations on H.B. No. 562
(Majority)

The purpose of this bill is to provide a lump sum death benefit of \$12,500 to each non-dependent parent of the deceased, if the deceased had no dependents entitled to benefits under the law.

The present law does not provide death dependency benefits for a parent or parents who are not dependent upon, or are unable to establish that they were, or are, fully or partially dependent upon the deceased worker. If there are no dependents entitled to benefits, the employer is presently required to pay the sum prescribed in Section 386-41(d) into the special compensation fund.

The Department of Labor and Industrial Relations agrees with the concept that non-dependent parents of a deceased unmarried worker are entitled to some recompense for the loss of his or her child because of death from a work-incurred injury.

Your Committee believes the concept of providing compensation for non-dependent parents of a deceased worker is sound and appropriate. However, because of concerns expressed that the foregoing lump sum benefit of \$12,500 may be excessive, your Committee has amended the bill to insure that only non-dependent parents whose annual incomes do not exceed two times the poverty income level for Hawaii, as published by the United States Office of Management and Budget, would be entitled to the lump sum payments.

This bill also contains a housekeeping amendment which would change the figure \$8,775.00 in section (d), lines 12 and 19 on page 4, to \$8,775.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.B. No. 562, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 562, H.D. 2.

Signed by all members of the Committee.
(Representatives Ikeda and Marumoto did not concur.)

SCRep. 512 Finance on H.B. No. 357

The purpose of this bill is to permit regular civil service employees to be non-competitively promoted to a vacant position which is in a class related to the class the employee is currently occupying.

The concept of related class simply means that one class requires substantially the same kind of knowledge, skill and ability as another class. The existing law is too restrictive in that it permits non-competitive movement from a position in one class to a position in another class only if it is in the same related series as that of the first position.

The change proposed by this bill seeks to liberalize the promotion practices by allowing non-competitive promotions on the basis of related classes even if the series is non-related. Concern does exist, however, over the fact that some employees from a related class who seek promotion through this new process may not be as well trained or prepared to handle their new duties and responsibilities as those who are already in that class. Your Committee therefore, wishes to emphasize that before an appointing authority fills a vacant position by promoting any regular employee without examination, the following criteria must first be met:

- 1) The employee must meet the minimum class qualifications of the position to which he is to be promoted;
- 2) The position must be in the same or related series or related class as the position held by the employee; and
- 3) If no material difference exists between the qualifications of the employees concerned, then the employee with the longest continuous civil service employment within the state or county granting the promotion shall receive first consideration for the promotion.

Your Committee has amended this bill to insert language erroneously omitted beginning at line 11, page 2. A new Section 2 is also inserted relating to bracketed and under-scored material and the last section is accordingly renumbered.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 357, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 357, H.D. 1.

Signed by all members of the Committee.

SCRep. 513

Finance on H.B. No. 1200

The purpose of this bill is to provide that proceeds received from engaging in interstate or foreign commerce are not taxable under the general excise and use tax laws if previously exempted or excluded before April 1, 1978. The amounts are not taxable to the extent that they have previously been exempt or excluded under the U.S. Constitution or by congressional act.

Your Committee finds that the practical effect of this bill would be to exclude from general excise and use taxation stevedoring and other interstate commerce activities. Such activities and the proceeds derived from them have historically enjoyed exemption from state taxation due to judicial interpretation of the interstate commerce clause of the U.S. Constitution.

In April of 1978, however, the U.S. Supreme Court handed down a ruling which determined that states may directly tax the privilege of conducting interstate business where such taxes are fair and a relationship between the business activities being taxed and the state is established. Several months after the Court's ruling, the state department of taxation set guidelines for the taxation of stevedoring and other interstate commerce activities. Expressing concern for the economic impact of the implementation of the taxation guidelines, the governor later suspended assessment of the taxes. This bill would codify this exemption of stevedoring and related activities from taxation, notwithstanding the recent U.S. Supreme Court ruling.

Your Committee believes that the imposition of the tax on interstate commerce proceeds and activities would have a substantial impact on the state's economy as nearly all consumer goods must be imported. Due to Hawaii's remote geographic location, Hawaii residents already face high prices as a result of shipping costs. Any increase in these shipping costs will ultimately be borne by the consumers, leading to further escalation of the state's cost of living.

Whereas this bill merely codifies an existing exemption, it therefore would not reduce tax revenues.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1200, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 514 Consumer Protection and Commerce and Housing on H.B. No. 1341

The purpose of this bill is to amend Section 516-1(5), Hawaii Revised Statutes, to modify the definition of "lease".

The specific modification reduces the term of a lease from thirty-five years to thirty years measured from the initial date of conveyance. The reduction in the number of years of the term of a lease allows a greater number of lessees to enjoy the rights and privileges under Chapter 516, specifically the right of the lessee to petition for condemnation and ultimate acquisition of the fee title.

Your Committees received testimony from the Ka'aawa Community Association in support of this Act. The Association stated that of the 219 leasehold parcels in its neighborhood, none may presently qualify under Chapter 516, as it had been the policy of their common lessor, Kualoa Ranch, to issue a maximum lease period of 30 years. Enactment of this bill would enable a majority of the Ka'aawa leases to qualify under Chapter 516.

Your joint Committees are of the opinion that the proposed modification to the definition of "lease" is in accord with the legislative intent of Chapter 516 because a greater number of lessees will qualify for the privileges of Chapter 516.

Your Committee on Consumer Protection and Commerce and your Committee on Housing are in accord with the intent and purpose of H.B. No. 1341 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 515 Consumer Protection and Commerce on H.B. No. 1644

The purpose of this bill is to provide for civil penalties to be assessed against motor carriers that do not comply with the rules and regulations of the Public Utilities Commission relating to the filing of financial reports.

Under present law, the fine is \$100 for any violation of Chapter 271 and \$50 for each day the violation continues. Your Committee finds from the testimony presented that this method of assessing penalties causes the amount of certain fines to become so substantial that to assess it fully would bankrupt the motor carrier and therefore acts as a negative motivation on the industry and smaller carriers in particular.

This bill would set the fine of a motor carrier who fails to file timely financial reports at one-sixteenth of one percent of the gross revenues from the motor carrier's business during the preceding calendar year for each month or fraction thereof the carrier remains in violation, but in no event less than \$50. Your Committee feels that this schedule of fines will prove to be more equitable and will provide the necessary deterrent to non-compliance by motor carriers.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1644 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 516 Consumer Protection and Commerce on H.B. No. 671

The purpose of this bill is to provide for the regulation of freight forwarding activities.

Presently, freight forwarders are not directly covered by either the motor carrier or water carrier laws since their primary function is not the performance of transportation services.

Your Committee is in agreement with the intent of this bill to regulate freight forwarding activities and feels that present law is inadequate to deal with this function. This bill specifically and adequately defines a freight forwarder, provides for licensing requirements, publication of tariffs, financial reporting, and other related requirements which the Public Utilities Commission deems reasonable. Enforcement provisions to insure compliance with this bill are contained in section 271-27, Hawaii Revised Statutes, which provides that a violation of any provision of Chapter 271 or any rule, regulation or order pursuant thereto, or other violation of said section, shall be a misdemeanor. Your Committee

feels that this section provides adequate sanction.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 671 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 517 Employment Opportunities and Labor Relations on H.B. No. 356

The purpose of this bill is to provide that any person holding a position with a private employer shall be entitled to absent himself from his duties in the performance of ordered national guard service. This bill provides that if the employee is still qualified to perform the duties of such a position, he shall be restored to his former position or to a position of like seniority, status, and pay. However, if he is not qualified to perform the duties of such a position by reason of disability sustained during national guard service, he shall be offered employment in another position which he is qualified to fill and which will provide him with equal or approximately equal seniority, status, and pay.

Federal legislation provides reemployment rights to guardsmen when called to active duty in a national emergency by the President of the United States. Further federal legislation also provides job protection when guardsmen are required to perform annual active duty training and monthly unit training.

Besides the fifteen days of annual training required of all guard persons, members of the guard have been ordered to State military active duty by the Governor on thirteen separate operations/missions during the past five years. They have been called on for disaster assistance, law enforcement and various other humanitarian missions. These missions required placing on State military active duty anywhere from two to one hundred fifty individuals at any given time.

Your Committee has amended the bill so that it embraces only national guard members. The use of the term "militia" in the bill was too broad to be encompassed within the title of the bill, which relates only to national guard duty.

Your Committee has also amended the language of the bill to remove any possible ambiguities which may have arisen from the use of the terms "duties or service" or "duties" in the bill. The amended bill uses the terms "employment duties" or "employment position" when referring to private employment, and "national guard service" when referring to national guard duties or employment.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.B. No. 356, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 356, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 518 Public Employment and Government Operations on H.B. No. 349
(Majority)

The purpose of this bill is to permit off-duty county employees to engage in political activities.

Your Committee finds that pursuant to Section 6-608 of the Honolulu City Charter, except for exercising the right to vote, members of the Honolulu Police Department are currently precluded from supporting, advocating, or aiding in the election or defeat of any candidate for political office.

Testimony from the Honolulu Police Department indicated that such a prohibition serves the best interests of both the community and the employees by protecting the latter from political pressure and the former from the ill effects which would result should police personnel be allowed to organize into political activist or lobbyist groups. The department further stated that because of their unique position in the community, the police are subject to a higher standard of conduct and must be protected from any accusation of bias or prejudice in the performance of their duty as enforcers of the law. Active participation in partisan political activity could therefore make them vulnerable to such charges.

Your Committee has further amended the bill to provide that five members of the commission will be appointed by the chief justice rather than the governor. Your Committee believes appointment by the chief justice would be more in keeping with the doctrine of the separation of powers.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 98, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 98, H.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 521 Finance on H.B. No. 95

The purpose of this bill is to provide an independent counsel to be appointed for each grand jury empaneled whose responsibility shall be to provide legal counsel to the jury on matters brought before it as provided for in the constitutional amendment to Article I of the state constitution.

Present law does not provide for any counsel for the grand jury. This bill requires the Supreme Court to appoint a licensed attorney who is not employed by the State as an officer or employee to provide legal counsel for the grand jury and to serve for a limited term.

Your Committee has amended the bill to delete Section 2 which amended HRS Sec. 103-3. Your Committee believes that no amendment to section 103-3 is necessary as that section concerns the representation of the State. In the context of grand jury proceedings, however, the State is the prosecutor, not the grand jury.

Section 103-3, HRS, also makes reference to "full-time employees" which, in the parlance of public employment, is usually synonymous with "permanent employment". In view of the above, your Committee agrees that section 103-3, HRS, is not applicable to the grand jury counsel.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 95, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 95, H.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 522 Finance on H.B. No. 800

The purpose of this bill is to provide an appropriation to establish a Washington Place Oversight Commission which shall be responsible for the preservation and restoration of the home of Hawaii's last monarch, Queen Liliuokalani, as a historic resource for the people of Hawaii.

Your Committee agrees that a permanent commission is necessary to assure the preservation of this historic site in order that the people of Hawaii may enjoy and share in the rich heritage of Washington Place.

Your Committee has amended the bill to provide that all spouses of former governors living in Hawaii may serve as members on the commission. The language originally stated that all former "first ladies" were eligible to sit on the commission. In the event that a woman is elected governor, her spouse should not be denied the opportunity to sit as a member of the commission.

Your Committee has further amended the bill by deleting section 3 and instead creating a new section 3 appropriating the sum of \$5,000 for the purposes of this Act. It is the belief of your Committee that it is not proper to specify an amount to be expended for a specific purpose out of the Governor's Contingency fund. On the other hand, it is also improper to issue a "blank check" for the purposes of this commission. Therefore, your Committee believes that the best alternative is to provide a direct appropriation for the purposes of the commission.

Other technical and style amendments were also made.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 800, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form

attached hereto as H.B. No. 800, H.D. 2.

Signed by all members of the Committee.

SCRep. 523 Finance on H.B. No. 1627

The purpose of this bill is to revise provisions governing the executive office on aging and provisions on elderly affairs.

The bill amends Chapter 349, Hawaii Revised Statutes as follows:

- (1) Clarifies the salary status of the director of the executive office on aging by specifying that the director's salary shall be equivalent to second deputies or second assistants to department heads (HRS 349-2)
- (2) Specifies certain responsibilities of the Policy Advisory Board for Elderly Affairs (HRS 349-4)
- (3) Increases the maximum membership of the Policy Advisory Board for Elderly Affairs from twenty-seven to twenty-nine members (HRS 349-4)
- (4) Increases the ex-officio membership of the Policy Advisory Board for Elderly Affairs from seven to nine (HRS 349-4)
- (5) Authorizes counties to establish county offices on aging and county councils on aging pursuant to the Older Americans Act of 1965, as amended (HRS 349-9)
- (6) Shifts the permission to hold an annual senior citizen's fair in each county from the policy council for elderly affairs to the respective County (HRS 349-10)

Sections 3 and 4, Act 217, Session Laws of Hawaii 1976, are amended to clarify that the functions and programs of the county committees on aging are transferred to the counties.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1627 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 524 Finance on H.B. No. 581

The purpose of this bill is to amend section 312-2.1, Hawaii Revised Statutes, to remove the responsibility of the state librarian over the operations of the public school libraries.

Presently, the state librarian, under the direction of the superintendent of education, is responsible for the operation of all state public libraries, including the operation of public school libraries. In practice, however, the public school principal, rather than the state librarian, has authority and responsibility over the operations of the school library. The state librarian merely provides support services to the public school libraries.

In view of this situation, your Committee agrees that the deletion of the state librarian's responsibility over the public school libraries is proper.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 581 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 525 Finance on H.B. No. 580

The purpose of this bill is to amend section 301-2, Hawaii Revised Statutes, to provide certain persons under the age of majority the opportunity of utilizing the adult education program for meeting high school graduation requirements.

Present statutes do not permit the enrollment of minors under eighteen years of age in the adult education program. Your Committee agrees that persons under eighteen

years of age who for various reasons are separated from the regular schools, and who need a course or courses to complete their graduation requirements, should be given the opportunity to meet such requirements through the adult schools.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 580 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 526 Finance on H.B. No. 461

The purpose of this bill is to require the Revisor of Statutes to retain the Ramseyer format in printing the session laws.

Under present law the Revisor of Statutes need not retain the underscoring and brackets used in the Ramseyer format contained in Acts when he prints the session laws. Primarily for reasons of cost, the Revisor currently does not retain the Ramseyer format. This bill would require him to do so, except in cases in which whole sections or subsections have been repealed. In the latter cases, the present practice of specifying the repealed section or subsection would be sufficient.

The process of locating minute, specific amendments to statutes contained in Acts is a tedious and cumbersome chore due to the fact that absent the Ramseyer format, there are no means of locating such amendments short of a line by line, word by word comparison of the old and new law. This situation would be remedied by requiring the Revisor of Statutes to retain the Ramseyer format.

Your Committee has amended the bill to delete section 3 which provided for an appropriation of \$5,000 for the purposes of this Act. Your Committee believes that the Revisor of Statutes has sufficient funds in his current budget to cover the additional costs that this Act will entail.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 461, H.D. 1 as amended herein, and recommends that it be placed on the calendar for Third Reading in the form attached hereto as H.B. No. 461, H.D. 2.

Signed by all members of the Committee.

SCRep. 527 Finance on H.B. No. 430

The purpose of this bill is to require any City or County with a population in excess of 100,000 to impose an annual charge of 50¢ on all registered vehicles. The revenues produced by this charge would be used for highway beautification and disposal of abandoned vehicles.

In 1976, the City Administration introduced and supported passage of a bill for a staggered registration system for motor vehicles. The House Judiciary Committee redrafted the bill and in the process of amending Section 286-51, HRS, deleted the paragraph dealing with the Highway Beautification and Disposal of Abandoned Vehicles Revolving Fund. Your Committee recommends that Section 1 of this bill be amended so that the authority to collect the 50¢ is reinstated to the City.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 430, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 528 Finance on H.B. No. 187

The purpose of this bill is to provide for the collection of information or data on the movement of persons within the State or entering or leaving the State, such information being necessary for effective state planning, delivery of government services and long-range policy making.

Your Committee finds that the department of planning and economic development encountered several problems which resulted in the fact that the entry and exit census specified in Act 103, Session Laws of Hawaii 1973 was never implemented.

Your Committee finds that the entry and exit census specified in Act 103, Session Laws of Hawaii 1973 was never implemented due to problems created by specific provisions of the Act. This bill simply charges the department of planning and economic development with the regular collection, analysis and dissemination of statistics on population composition and migration, and permits latitude in how this mission is accomplished. This will enable the State to explore various possible approaches to the problem of obtaining population and passenger statistics.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 187, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 529 Finance on H.B. No. 1631

The purpose of this bill is to clarify that the director of the office of children and youth and the director of the executive office on aging shall be members of the progressive neighborhoods task force.

Whereas current statutes designate the state administrative director of the progressive neighborhoods program as the chairman of the task force, this bill would amend that to provide that the governor shall designate a chairman from among the members of the task force.

Your Committee has amended the bill by deleting the increase in compensation for task force members. Your Committee finds that many other appointed members of boards, commissions, and task forces are not compensated except for expenses incurred in the conduct of their duties. Others are compensated at a rate of \$10.00 per meeting. Your Committee could find no justification for increasing the compensation of this one task force above all others.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1631, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1631, H.D. 2.

Signed by all members of the Committee.

SCRep. 530 Finance on H.B. No. 1680

The purpose of this bill is to formalize the organizational structure of the Natural Energy Laboratory of Hawaii, to designate the members of its governing board, to delineate the powers and duties of the board, and to provide for the operation of Natural Energy Laboratory of Hawaii as a special funded activity.

Act 236, SLH 1974, provided for the establishment of the Natural Energy Laboratory of Hawaii as a research facility on state-owned land makai of the Ke-ahole Airport on the Big Island. Act 236 also provided that the Natural Energy Laboratory of Hawaii is to be under the direction and management of a consortium made up of State and County entities and such foundations and enterprises as may be willing to provide funds, facilities, or research for the laboratory.

Following the enactment of Act 236, funds from various sources have been invested, facilities are being developed, and demonstration projects have been initiated under the direction and management of a consortium consisting of representatives of the county of Hawaii, the office of the marine affairs coordinator, the university of Hawaii, the department of planning and economic development, and the department of land and natural resources.

Your Committee finds that Hawaii has the potential of becoming the international center for natural energy investigations utilizing the Ke-ahole Point site. Thus, providing for the formal organization and operation of the natural energy laboratory of Hawaii as a special funded activity is reasonable and timely.

Your Committee effected nonsubstantive technical amendments for purposes of clarity.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1680, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1680, H.D. 2.

Signed by all members of the Committee.

SCRep. 531 Finance on H.B. No. 606

The purpose of this bill is to amend the general assistance qualifications provisions by:

- (1) Allowing the department of social services and housing to require certification of the disability of an applicant for general assistance by a licensed physician designated by the department;
- (2) Explicitly stating that a person with children shall be eligible for general assistance if the children are dependent and in the person's home; and
- (3) Allowing a person with dependent children in the home or a person of at least fifty-five years of age to be eligible if the person is employed but without sufficient income and resources as measured by the standards of the general assistance law.

Currently, the department of social services and housing requires certification of disability by a licensed physician, but allows the applicant to choose the physician. It is found, however, that some certification forms are not completed fully or provide vague information insufficient to make a determination and that possible collusion between patient and physician exists in the form of certifying nonexistent disability.

This bill will allow the department to require certification by a licensed physician designated by the department to avoid possible collusion to gain fraudulent benefits.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 606, H.D. 1 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 532 Consumer Protection and Commerce on H.B. No. 687

The purpose of this bill is to require that applications for the transfer of liquor licenses follow the same procedure that is required of applications for new licenses.

Under present law, the procedural requirements for an application to transfer a liquor license are not as stringent as those requirements for an application for a new license. Specifically, applicants for transfers need only publish one notice of the liquor commission hearing and need not notify the property owners or lessees in the vicinity. This bill would require the transfer applicant to publish a notice of the hearing twice and notify the owners or lessees in the vicinity as required of a new applicant, as well as the various other provisions and conditions of sections 281-51 to 281-60, Hawaii Revised Statutes.

Your Committee feels that this bill will provide a greater opportunity for those persons who have an interest in the proposed transfer, especially those who reside or transact business in the vicinity of the proposed licensed premises, to make their objections to the transfer heard. While in agreement with the intent of notice, your Committee also feels that priority should be given to those persons who will be most affected by the license transfer--property owners or lessees adjacent to or in the closest proximity to the proposed premises.

Your Committee has therefore amended H.B. No. 687 to require that notice be given to 75 percent of property owners or lessees within 100 feet of the proposed licensed premises as well as fulfilling the present requirement of notifying two-thirds of the owners or lessees within 500 feet. Your Committee feels that this will better implement the intent of this bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 687, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 687, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Garcia and Uechi.

SCRep. 533 State General Planning on H.B. No. 57

The purpose of this bill is to permit the Hawaii Community Development Authority to provide housing for persons of all income groups, rather than only for those in the low income group, by amending Section 206-2 and Section 206-15, Hawaii Revised Statutes.

An apparent drafting error was made in the original Act which defines a residential project as intended for "persons or families of low income..." Your Committee finds that by deleting all reference to persons or families of low income in Section 206E-15, consistency is maintained with the development guidance policy concerning residential development enumerated in Section 206E-23 (8), Hawaii Revised Statutes.

This bill also provides that rules for residential projects be provided by the Hawaii Community Development Authority, with a provision allowing the Hawaii Housing Authority to enter into cooperative agreements with the Hawaii Community Development Authority for the development of housing projects.

Your Committee on State General Planning is in accord with the intent and purpose of H.B. No. 57, H.D. 1 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 534 Consumer Protection and Commerce on H.B. No. 479

The purpose of this bill is to repeal the statutory provision of section 459-9(11), Hawaii Revised Statutes, which prohibits advertising by optometrists in the public media.

Your Committee finds that in July of 1978, the Federal Trade Commission adopted a trade regulation which preempts state and local laws and mandates the removal of prohibitions on advertising by dispensing opticians, optometrists, and ophthalmologists of their prices or availability of their services. Your Committee is therefore in accord with the intent of this bill to comply with this regulation. Your Committee further feels that allowing advertising will permit the consumer to make informed optical purchase decisions and may lower the price of optometric services and products by providing previously undisclosed price information. Your Committee has also made various corrections to the bill, in particular, the renumbering of the provisions of section 459-9 as indicated in H.B. No. 479, H.D. 1.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 479, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 479, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 535 Judiciary on H.B. No. 428

The purpose of this bill is to abate, remove, or diminish the existence of places which are used to advance, promote, or profit from prostitution. The bill provides that such places shall be designated nuisances, and permits the State attorney general or a private citizen to maintain a suit to enjoin such nuisances. An order of abatement issued by a court under this bill would remain in effect as long as one year, and a violation of the order would be a contempt of court punishable by fine or imprisonment.

Your Committee amended the bill by removing language in Section 2, Sec. -1 which would be subject to constitutional objections of vagueness or overbreadth. Such terms as "assignation", "lewdness", and "lewd sexual conduct" were removed because of the absence of clearly ascertainable legal definitions of such terms. The purpose clause of the bill was also amended to remove such language. In place of the broad terms used in the purpose clause, the scope of the bill was narrowed to such clearly definable activities as prostitution and advancing prostitution, which are terms used in the Hawaii Penal Code. Although the removal of such language narrows the scope of the bill, your Committee felt that this would be preferable to a broadly drawn bill that would be subject to constitutional attack.

Your Committee also amended the bill to permit county attorneys as well as the State Attorney General and private citizens to maintain suit. The use of the term "temporary

writ" in the bill was also amended to read "injunction", since this latter usage is more current and consistent with section 603-23, Hawaii Revised Statutes. Reference to section 603-23 is made in the amended bill because this section provides for injunctions in cases of violation of laws and ordinances. Section 2, Sec. -4 of the bill, which gives suits brought under the bill "precedence" in court, was also eliminated. Finally some stylistic changes were made to clarify the provisions of the bill.

Your Committee heard testimony that there has been a significant increase in the number of prostitution houses in the State. Individual prostitutes are subject to arrest, but the establishment within which the objectionable activity occurs may continue to exist. The bill is an attempt to remedy this weakness in the law.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. 428, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 428, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 536 Judiciary on H.B. No. 1394

The purpose of this bill is to increase the annual interest levied on a judgment recovered in a civil suit from the present 6% to 12% a year.

Your Committee heard testimony that the present 6% interest rate was set in 1935, 44 years ago, and since that time, interest rates on loans from financial institutions have increased tremendously without any corresponding increase in the interest on judgments. This disparity in interest rates has caused certain companies engaged in litigation to appeal judgments against them, it being cheaper to appeal and pay the 6% than to take a bank loan at the higher interest rate, thus adding to the crowded docket of the Hawaii Supreme Court.

Your Committee feels that raising the interest rate on judgments would aid in alleviating the congested Supreme Court docket and set it at a more realistic level comparable with today's economy.

However, your Committee also feels that the 12% figure proposed is uncommonly high. Most states currently have interest on judgments at the rate of 7% to 9%. Therefore, your Committee has amended this bill by lowering the proposed rate to 9%, thereby keeping it in line with the national trend and today's economy.

Your Committee has amended this bill to correct typographical errors.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1394, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1394, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Garcia.

SCRep. 537 Consumer Protection and Commerce on H.B. No. 1414

The purpose of this bill is to raise the maximum monetary penalty for a violation of a condition of a liquor license from \$500 to \$1,000 to provide for more flexibility in the assessment of penalties by the liquor commission.

Under present law, the maximum monetary penalty that can be statutorily imposed by the liquor commission for a violation of a condition of a license is \$500. Your Committee finds from the testimony presented that the commission may find in certain cases that \$500 is not a severe enough penalty but that suspension of the license is too severe. Your Committee is therefore in agreement that raising the maximum fine to \$1,000 will provide the commission with more flexibility in the enforcement of its rules and regulations.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1414 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 Aki.

SCRep. 538 Consumer Protection and Commerce on H.B. No. 556

The purpose of this bill is to allow the Office of Consumer Protection to obtain a consent judgment pursuant to the provisions of section 480-22, Hawaii Revised Statutes.

Presently, section 480-22 directly authorizes the Attorney General to utilize the consent judgment prior to complaint but is silent with regard to the Office of Consumer Protection's authority in this area. Your Committee finds from the testimony presented that this situation has created an uncertainty whether or not a consent judgment obtained by the Office of Consumer Protection is in fact authorized by statute and whether it can be collaterally attacked.

Your Committee feels that this bill will eliminate those uncertainties by express statutory authorization. Your Committee is also assured that this bill will not create any jurisdiction problems between the Department of the Attorney General and the Office of Consumer Protection.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 556 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Garcia and Uechi.

SCRep. 539 Consumer Protection and Commerce and Housing on H.B. No. 748

The purpose of this bill is to amend the definition of "apartment owner" within the meaning of the Horizontal Property Regime to mean the lessee of an apartment whose lease is registered or recorded.

Present law provides that an apartment lessee is considered to be the owner thereof for purposes such as voting rights and other privileges of ownership if the lease has been filed with the board of directors. This bill would require that an apartment lease be registered with the Land Court under Chapter 501 or recorded at the Bureau of Conveyances under Chapter 502, Hawaii Revised Statutes, in order that the lessee be considered the owner for purposes of the Horizontal Property Regime.

Your Committees are in accord with the policy of this bill that all documents pertaining to the conveyance of real property interests should be registered with the Land Court or recorded with the Bureau of Conveyances. Your Committees feel that this bill will clarify the definition and prevent the anomaly of the landowner of leasehold apartments claiming to be the apartment owner for voting purposes under the Horizontal Property Regime.

Your Committees on Consumer Protection and Commerce and Housing are in accord with the intent and purpose of H.B. No. 748 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representative Aki.

SCRep. 540 Finance on H.B. No. 455

The purpose of this bill is to amend Section 214 of the Hawaiian Homes Commission Act, 1920, as amended, to increase the amount that the Department of Hawaiian Homes is authorized to guarantee on loans, from \$18 million to \$21 million, to provide for projected requirements for its housing and agricultural programs for the biennium 1979-81.

Your Committee believes that the present loan guarantee ceiling of \$18 million is inadequate for the biennium 1979-81 and that the \$3 million increase to the guarantee ceiling will enable the Department of Hawaiian Homes to meet its projected requirements.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 455, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 541

Finance on H.B. No. 1648

The purpose of this bill is to provide civil service exemption for nutrition program assistants of the University of Hawaii Expanded Food and Nutrition Education Program (EFNEP). The EFNEP is a federally funded program designed to educate and advise persons in target areas of their families' nutritional needs and economical ways of fulfilling these needs. Field work for this program is conducted by part-time Nutrition Program Assistants whose positions are funded by the U.S. Department of Agriculture.

These positions do not qualify for civil service exempt status as this program is not time limited, but a regular and continuing one with annual funds from the U.S. Department of Agriculture, similar to that of other state-administered programs funded by the Federal government.

Your Committee believes, however, that these positions should not be converted to civil service for the following reasons:

1. Federal guidelines require that aides must be indigenous to the area they serve, therefore, in Hawaii, aides must live in the area where they work and be of similar ethnic background as their low-income audience. Civil service recruitment procedures are not designed to recognize these special and unique requirements which are considered necessary for effective program results.
2. Civil service is set up to provide competitive selection whereas EFNEP has no desire for the applicant with the highest examination score. Aides will probably not be college graduates, and studies have shown that being from the same target group they serve is the key to successful visitations.
3. A new civil service classification would need to be established. This would service only a limited number of people, and such positions would be restrictive because there would be no other comparable jobs to transfer or be promoted to.

Therefore, to comply with Federal guidelines, this measure would authorize permanent exemption for all nutrition program assistants.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1648, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 542

Finance on H.B. No. 722

The purpose of this bill is to expand the definition of a "qualified farmer" in Section 155-1, Hawaii Revised Statutes, to include corporations incorporated in the State primarily for agricultural production purposes and which have been actively engaged in agricultural production for a minimum of two years.

Your Committee finds that broadening the scope of the law to permit loans to corporations incorporated in the State primarily for agricultural production purposes and actively engaged in agricultural production for a minimum of two years, will increase the base for agricultural development. This is consistent with the purpose of the Agricultural Loan Law to promote the agricultural development of the State by stimulating, facilitating, and granting loans to qualified farmers.

There was some concern that the amendment set forth in this bill would enable large corporations to be recipients of these agricultural loans. Your Committee was assured that the procedure involved in qualifying for a loan, namely, being first rejected for loans by the banks and the Farmers' Home Administration, and then being approved by the board of agriculture, provides sufficient insurance that the large corporations would not be the beneficiaries of this bill. Your Committee emphasizes its understanding that these loans would primarily benefit those agricultural corporations which are in financial need.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 722, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 543 Finance on H.B. No. 1645

The purpose of this bill is to extend to five years, the existing one-year limitation on the State's ability to make a claim in court for any deficiency on the disposal of abandoned vessels; to authorize the Department to collect all expenses incident to taking into custody and disposing an abandoned vessel; and to require that the proceeds derived from the sale of abandoned vessels to the extent of fees, charges and expenses due the department be deposited into the fund out of which the expenses incurred were paid. The balance of the proceeds of a sale which will continue to be deposited into the general fund, is forfeitable to the State after one year.

The longer period for making a claim for deficiencies after sale of abandoned vessels is warranted because the owner-debtor is often absent from the state or cannot be located within the existing one-year period. This bill would therefore substitute five years for the existing one-year limitation on the State's claim for any deficiency and in addition authorize the department of transportation to collect all expenses incurred as is incident to taking into custody and disposing of an abandoned vessel.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1645 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 544 Finance on H.B. No. 739

The purpose of this bill is to establish specific legislative authorization and temporary funding for State highway clearing accounts.

Currently, the Land Transportation Facilities Division operates three major reimbursable clearing accounts. These accounts were established to accumulate and redistribute internal costs, primarily staff payroll, to the proper appropriation accounts.

This system is utilized because project-funded personnel work on one or more projects at a time, and during any given pay period, it would be virtually impossible to pay these employees on schedule if the department were to wait for the semi-monthly time sheets to determine the exact fund and appropriation accounts out of which these employees are to be paid.

The reimbursable clearing account method has been accepted by the State Comptroller as an acceptable accounting method to redistribute costs. However, this bill would formalize this accounting method in an effort to eliminate any question as to the legal basis for the establishment of these accounts.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 739 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 545 Finance on H.B. No. 1638 (Majority)

The purpose of this bill is to permit the governor to use general revenue funds in lieu of general obligation bond funds for biomass energy resource projects identified as Item A.2, Section 88, Act 10 Special Session Laws of Hawaii 1977 as amended by Act 243, Session Laws of Hawaii 1978 and for alternate energy resource projects in Section 1, Act 131, Session Laws of Hawaii 1978.

Under the department of land and natural resources, the development of plantations of forest trees for energy or other purposes requires many kinds of activities, not all of which fits the classic CIP mold; that is, plan, design, construct and use. When the department requested funds for the survey of young forest plantations it was informed that it was not an appropriate activity to be funded by general obligation bonds. The department has deferred requests for additional allocations until the appropriate source of funds is determined by this legislature. Your Committee generally agrees with the intent of this bill, and has amended this bill to add the stipulation that the change of funds used be with the concurrence of the President of the Senate and the Speaker of the House of Representatives.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1638

as amended herein and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1638, H.D. 1.

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

SCRep. 546 Finance on H.B. No. 1624

The purpose of this bill is to convert community educational assistants at the Waianae-Nanakuli Education Center of Leeward Community College to regular civil service status.

The Center assists in the education of Waianae-Nanakuli residents, and is presently staffed by two assistants who have been with the program since 1970 and 1972, respectively, and two other part-time employees who have been hired much more recently.

In 1977 the Department of Personnel Services reclassified the positions to regular civil service status, but as no subsequent criteria or list of eligibles was promulgated, the two long-time assistants were granted exempt status and were temporarily appointed to fill the positions at a salary range lower than their previous one.

Your Committee finds that as these two individuals have been with the Center virtually since its inception nine years ago and have acquired expertise and knowledge in the educational assistance field over that period of time, they should be converted to regular civil service status without the necessity of examination and accorded all the rights, benefits, and privileges attributable thereto.

Your Committee has deleted the retroactive provision of this bill and amended all affected sections accordingly.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1624, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1624, H.D. 2.

Signed by all members of the Committee.

SCRep. 547 Finance on H.B. No. 610

The purpose of this bill is to amend the law relating to state benefits for veterans.

The definition of "veterans" to which the state benefits applies is amended by deleting the requirement that the veteran serve during wartime and provides in the case of multiple service, that the veteran be discharged under honorable conditions from the last period of service.

For special housing benefits, the veteran must be disabled during a war, instead of merely being disabled.

For special housing benefits, the provision allowing a veteran to qualify if the veteran was a bona fide resident of the State for five or more consecutive years prior to being declared eligible for similar federal benefits is deleted.

Your Committee agrees that these amendments will assist and improve services to veterans under the department of Social Services.

Your Committee has made a minor amendment to correct the spelling of the word "superse" (Page 1, line 16).

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 610, H.D. 1 as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 610, H.D. 2.

Signed by all members of the Committee.

SCRep. 548 Finance on H.B. No. 1758

The purpose of this Act is to transfer certain programs and organizational segments among the existing 17 departments of the Executive Branch of the state government

without altering the basic organizational structures of these departments. This reassignment of programs and organizational segments would:

- (1) comply with requirements of the Hawaii State Constitution;
- (2) improve the efficiency and effectiveness of the operations of the Executive Branch;
- (3) improve the delivery of services to the people;
- (4) fix responsibility and accountability for successfully carrying out programs, policies, and priorities of the administration;
- (5) improve responsiveness to the needs of the people of Hawaii;
- (6) group programs more homogeneously to more closely relate them with the stated mission of associated departments; and
- (7) enable administratively assigned boards and commissions to have more voice in formulating policies and priorities.

Since the last major reorganization of the state government in 1959, the State has experienced changes in societal attitudes, values, and emphasis, as well as rapid developments in technology. These changes have produced new issues requiring new programs and new approaches for their resolution.

The state government has sought to meet those new issues and to implement new programs and approaches within the framework of its present structure. However, programs which essentially are intended to meet common needs have been dispersed among several agencies, and they have not received the coordination they require. Further, Article V, Section 6, of the Hawaii State Constitution mandates that all executive and administrative offices, departments and instrumentalities of the state government and their respective powers and duties, shall be grouped within the principal departments according to common purposes and related functions.

This Act therefore provides for the orderly transfer of programs, organizational segments, personnel, funds, records, and equipment among the existing 17 departments of the Executive Branch of the state government. It is not intended to increase, decrease, or otherwise change the statutory powers of departments and agencies unless specifically expressed. Where commissions, boards, or agencies are transferred for administrative purposes it is intended that the statutory mission and purpose of the commission, board, or agency not be modified or changed in any way by the department or director acting in an administrative role as provided for in Hawaii Revised Statutes 26-35.

Your Committee has amended the bill by deleting Section 14 which authorized an unspecified appropriation. It is the understanding of your Committee that the executive agencies involved in these transfers will be able to accomplish the purpose of this Act without additional appropriations.

Section 15 is renumbered as Section 14 accordingly.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1758, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1758, H.D. 2.

Signed by all members of the Committee.

SCRep. 549

State General Planning on H.B. No. 55

The purpose of this bill is to provide for proper planning and implementation of The Hawaii State Plan by facilitating the formation and operation of the State Plan Policy Council established by Act 100, SLH 1978.

The Hawaii State Planning Act, Act 100, SLH 1978 provides for the establishment of a policy council and several advisory committees to facilitate the implementation of the Hawaii State Planning Act. Under the provisions of the Act, the council is to be comprised of State and County officials and nine members from the general public to be appointed by the Governor from list of nominations submitted to the Governor from the Mayors of the respective County. The list of nominations submitted by the Mayors

shall have received the advise and consent of the respective county councils. This bill would set a time limit on the submittal of the nominations to the Governor from the Mayors.

Upon consideration of testimony received and discussion before your committee, it is recommended that the bill be amended to provide a time limit for the Mayor of each respective county to submit its nominations to the respective county council for their advise and consent and to provide a time limit on the submittal of nominations from the Mayor to the Governor for the appointment of the advisory committees for the functional plans.

Your Committee on State General Planning is in accord with the intent and purpose of H.B. No. 55, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 55, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 550 Judiciary on H.B. No. 1499

The purpose of this bill is to facilitate coordination of the trust, Uniform Probate Code and professional corporation provisions of the Hawaii Revised Statutes.

Under present law, persons appointed as trustees under section 554-2, Hawaii Revised Statutes, are not allowed to form a professional corporation. This bill would allow such persons to form a professional corporation.

Your Committee received testimony that the most qualified and experienced individuals are discouraged from accepting trustee appointments because the benefits available to corporations generally, primarily tax benefits, are not available to them given the current state of the law.

Your Committee sees no reason why persons appointed as trustees pursuant to section 554-2 should not be allowed to form professional corporations in order to enjoy the benefits unique to the corporate form, thereby attracting the most qualified individuals to serve as trustees.

However, your Committee wishes to make clear that in allowing such persons to form professional corporations, your Committee in no way intends that they be allowed to escape personal liability as trustees or personal representatives behind the corporate shield; and that any provision of this bill to the contrary notwithstanding, your Committee reaffirms the provisions of section 416-153 of the Hawaii Revised Statutes relating to the liability of professional corporations.

Your Committee has amended this bill to correct typographical errors.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1499, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1499, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Garcia.

SCRep. 551 Finance on H.B. No. 616

The purpose of this bill is to abolish the revolving fund known as the Highway Supplies and Equipment account.

The Land Transportation Facilities Division of the Department of Transportation (DOT) no longer needs to maintain or use the Highway Supplies and Equipment account. This account was created by Act 48, SLH 1943. Under this law all monies received from the United States Government for use or rental of materials, supplies, and equipment owned by the department on federal-aid highway projects were deposited into this fund and expended by the Department of Transportation for purchasing materials, supplies, and equipment on highway projects.

Upon creation of the state highway fund in 1951, all moneys received by the Department of Transportation from the Federal Highway Administration as reimbursement of federal share of costs incurred on federal-aid highway projects are treated as revenues and

deposited into the state highway fund. Thus, the Highway Supplies and Equipment Account is rendered extraneous and is no longer needed.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 616 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 552 Public Assistance and Human Services on H.B. No. 608

The purpose of this bill is to provide investigators of the Department of Social Services and Housing the right to secure access to governmental records during the investigation of fraud and other crimes relating to public assistance.

Under present law, investigators for the Department of Social Services and Housing have the right to information contained within governmental agencies when such information relates to child support matters. However, the present law is unclear as to whether such access may be obtained when the investigation relates to fraud and other crimes relating to public assistance. The bill would thus amend Section 346-4.5, Hawaii Revised Statutes, so that investigation of such matters is made a clearly stated basis for access to governmental records.

Your Committee is in agreement with testimony by the Department of Social Services and Housing that access to governmental records is critical to the successful investigation and substantial elimination of public assistance crimes. Although your Committee recognizes the need for privacy and confidentiality in government records, such laws should not protect those who would abuse the public assistance system for their own gain.

Your Committee on Public Assistance and Human Services is in accord with the intent and purpose of H.B. No. 608 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 553 Public Assistance and Human Services and Health on H.B. No. 286

The purpose of this bill is provide that the department of health and the department of social services and housing shall coordinate their efforts relating to the licensing and regulation of care home operators.

The wording of the existing statutes, in effect, mandates the department of health to coordinate with itself in this effort and refers only to adult family boarding homes. Your Committees are in agreement with the intent of the bill to recognize the shared responsibilities of both departments and to include care homes under these statutory provisions.

Your Committee recommends renumbering section 2 as section 3 and adding a new section 2 stating the effect of underscoring and bracketing in the bill.

Your Committees on Public Assistance and Human Services and Health are in accord with the intent and purpose of H.B. No. 286, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 286, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 554 Employment Opportunities and Labor Relations and Public
Employment and Government Operations on H.B. No. 1636

The purpose of this bill is to clarify the Employment Practices Law in the area of enforcement and make the law more compatible with the Federal Civil Rights Act of 1964. The changes include: clarification and addition of definitions; empowering the department to initiate complaints and file class action suits; providing for a 3-year statute of limitations; delineation of investigational and enforcement powers; and other miscellaneous revisions.

This bill would specifically exclude the State of Hawaii or any of its political subdivisions

in the definition of the term "employer." Presently, the public sector is protected by Civil Service and the Equal Employment Opportunity Act. However, testimony presented before your committee expressed concern over the exclusion of the public sector in this bill because the grievances must be aired in San Francisco by the office of Equal Employment Opportunities Commission. This presents an undue hardship on the employee.

Your Committee believes that the exclusion of the State from the provisions of this bill would be contrary to the intent of the Civil Rights Act of 1964. Your Committee notes that when Civil Rights Act was first established, it excluded federal workers. However, the Equal Employment Opportunity Act of 1972 amended the law to include federal workers. Your Committee believes that to exclude the State from discriminatory employment practices would be contrary to the intent of the federal law. Accordingly, your Committee has amended this bill to include the State and any of its political subdivisions within the definition of the term "employer."

Your Committee is cognizant of the concerns of the Department of Labor and Industrial Relations regarding the inclusion of the State under the provisions of this bill, especially the conflict of interest question where the department of labor and industrial relations would police other administrative agencies, including itself. Your Committee believes, however, that this concern will be resolved operationally.

Your Committee on Employment Opportunities and Labor Relations and Public Employment and Government Operations are in accord with the intent and purpose of H.B. No. 1636, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1636, H.D. 1 and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 555 State General Planning; Public Employment and Government Operations; and Water, Land Use, Development and Hawaiian Affairs on H.C.R. No. 8

The purpose of this House Concurrent Resolution is to request the Department of Planning and Economic Development (DPED) to review the laws relating to the functions and duties of DPED and to submit its findings and recommendations to the Legislature prior to the 1980 Regular Session.

The Hawaii State Government Reorganization Act of 1959, Act 1, Second Special Session of 1959, created a Department of Economic Development and a Department of Planning and Research. Act 2, SLH 1963, merged these two departments into a single entity, the present Department of Planning and Economic Development (DPED).

Since 1963, DPED has undergone substantial change with the assignment of many additional programs and functions. These include, but are not limited to, such functions as: serving as the lead agency for the Hawaii State Plan and the Hawaii Coastal Zone Management Program, serving as the State's advocate in proceedings before the Land Use Commission, serving as the Energy Resources Coordinator, administering fishing vessel loan programs, serving as tourism coordinator, and administering energy conservation and management programs.

The enactment of new statutory provisions affecting DPED has resulted in the need to clarify and to resolve conflicts between or among these statutory provisions. This is particularly true in the case of statutory provisions dealing with statewide planning and implementation.

Your Committees are in agreement that a review needs to be made of the laws relating to the functions and duties of the Department of Planning and Economic Development.

Your Committees on State General Planning, Public Employment and Government Operations, and Water, Land Use, Development and Hawaiian Affairs concur with the intent and purpose of H.C.R. No. 8 and recommend that it be referred to the Committee on Finance.

Signed by all members of the Committees.

SCRep. 556 Housing and Health on H.R. No. 235

The purpose of this resolution is to request the Department of Health to seek funds

for the development and construction of a sewage treatment facility in the Honokaa area to meet public health needs and to qualify for housing funds made available by the Farmers Home Administration (FHA).

Your Committees find that due to the lack of a sewage plant the Laupahoehoe Sugar Company has been frustrated in its attempt to obtain housing funding assistance from the FHA to aid in the development of housing for its plantation employees in the Honokaa area.

The Department of Health has certified the area for cesspool utilization. However, the FHA requires that there be a sewer system for housing projects which it funds. This necessitates that sources of funds for the development and construction of a sewage treatment facility be explored.

Your Committees have adopted the recommendation of the Department of Health and amended the resolution to designate the County of Hawaii rather than the Department of Health as the lead agency in seeking funds for the sewage treatment facility. The Department of Health has expressed its willingness to aid the County of Hawaii in seeking the financial aid.

Your Committee on Housing and your Committee on Health concur with the intent and purpose of H.R. No. 235 as amended herein, and recommend that it be referred to the Committee on Finance, in the form attached hereto as H.R. No. 235, H.D. 1.

Signed by all members of the Committees.

SCRep. 557 Health on H.R. No. 331

The purpose of this resolution is to request the Department of Health to conduct a feasibility study relating to the establishment of an out-patient clinic on the grounds of the Kauai Veterans Memorial Hospital.

The feasibility of establishing an out-patient clinic at the Kauai Veterans Memorial Hospital should be studied to determine the need for such a facility, to best provide for and ensure that adequate health facilities and resources exist for the use of the people of Kauai.

Your Committee on Health concurs with the intent and purpose of H.R. No. 331 and recommends it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 558 Health on H.C.R. No. 65

The purpose of this resolution is to request the Department of Health and other agencies to perform or assist in performing pesticide residue tests and other appropriate tests to ascertain whether imported fresh ginger spice root may be contaminated with pesticides and other chemical agents potentially harmful to human health.

Your Committee finds that fresh ginger spice root being imported into the state may be contaminated with pesticides which may be harmful to humans. The harmful effects are not readily apparent and may require appropriate testing to determine that the roots are safe for human consumption.

Your Committee agrees with the need to insure that foods imported into the state are safe for human consumption and that appropriate testing of imported foods should be conducted by the health department.

Your Committee has amended the resolution by substituting the words "foreign countries" for the word "Fiji" in the fourth whereas clause and by requiring that the Department of Health investigate the claim that imported ginger spice root may be contaminated by harmful pesticides and other chemicals.

Your Committee on Health concurs with the intent and purpose H.C.R. No. 65, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.C.R. No. 65, H.D.1.

Signed by all members of the Committee.

SCRep. 559 Health on H.R. No. 346

The purpose of this resolution is to request the Department of Health and other agencies to perform or assist in performing pesticide residue tests and other appropriate tests to ascertain whether imported fresh ginger spice root may be contaminated with pesticides and other chemical agents potentially harmful to human health.

Your Committee finds that fresh ginger spice root being imported into the state may be contaminated with pesticides which may be harmful to humans. The harmful effects are not readily apparent and may require appropriate testing to determine that the roots are safe for human consumption.

Your Committee agrees with the need to insure that foods imported into the state are safe for human consumption and that appropriate testing of imported foods should be conducted by the health department.

Your Committee has amended the resolution by substituting the words "foreign countries" for the word "Fiji" in the fourth whereas clause and by requiring that the Department of Health investigate the claim that imported ginger spice root may be contaminated by harmful pesticides and other chemicals.

Your Committee on Health concurs with the intent and purpose of H.R. No. 346, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.R. No. 346, H.D. 1.

Signed by all members of the Committee.

SCRep. 560 State General Planning; and Water, Land Use, Development and Hawaiian Affairs on H.B. No. 932

The purpose of this bill is to amend Section 46-4 of the Hawaii Revised Statutes to enable the counties to phase out nonconforming land uses.

Testimony presented before your Committees have indicated that nonconforming land uses detract from the effectiveness of land use planning and zoning. The allowance of nonconforming uses has also provided an unfair advantage to some property owners in some cases of nonconforming commercial uses. This has occurred when an existing commercial use is allowed to exist after a zoning regulation prohibits the establishment of a new use of the same kind in the applicable area. The situation has resulted in a monopolistic position for the commercial property owner.

Your Committees are in agreement with the testimony presented and recommend an amendment necessary to carry out the purpose of this bill. This amendment would add the words "structures or signs" to the bill so that the amendment on page 4, lines 20 to 21, would read as follows:

"[.] or for the amortization or phasing out of nonconforming uses, structures, or signs over a reasonable period of time."

Your Committees on State General Planning; and Water, Land Use, Development, and Hawaiian Affairs are in accord with the intent and purpose of H.B. No. 932, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 932, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Garcia.

SCRep. 561 Finance on H.B. No. 370

The purpose of this bill is to encourage the production of non-fossil fuel generated electricity by providing tax incentives.

Your Committee finds that Hawaii's extreme dependence on imported petroleum for energy can be reduced by developing locally available, non-polluting, renewable sources of energy including geothermal, ocean thermal, wind, biomass, and solar energy. This bill provides a monthly tax credit for electrical producers utilizing alternate energy rather than petroleum. This credit may be charged against an alternate energy producer's income or excise tax liability and is determined by multiplying \$0.003/kwh times the ratio of the most recent consumer price index for all urban consumers in Honolulu (CPIUH)

divided by the CPIUH applicable for the month an additional alternate energy producer is classified.

Your Committee has amended the bill by lowering the multiplier by which the tax credit is calculated from 5 mills (\$0.005) per kilowatt hour to 3 mills (\$0.003) per kwh. Your Committee finds that at the amended rate, the tax credit will be fully offset by the economic benefits of retaining money in the local economy that would otherwise be spent overseas to purchase oil.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 370, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 370, H.D. 2.

Signed by all members of the Committee.

SCRep. 562 Transportation on H.B. No. 1688

The purpose of this bill is to broaden the law enforcement authority of the Director of Transportation and officers employed by the Department of Transportation to the standard required by the Federal Aviation Administration.

The power to arrest under Section 261-17, Hawaii Revised Statutes (HRS) pertains only to violations of aeronautics law and is therefore inadequate to meet the requirements of Federal Aviation Regulations (FAR) Section 107.17 (b) which also calls for the enforcement of criminal laws of the State and/or Counties. The Department of Transportation can meet the requirement of the FAR by having Chapter 261, HRS amended to include similar enforcement as of FAR Section 107.17.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 1688 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 563 Finance on H.B. No. 995

The purpose of this bill is to propose a number of amendments to Part II, Chapter 88 of the Hawaii Revised Statutes relating to the Employees' Retirement System. The amendments are the result of a directive from the System's Board of Trustees to review the statutes governing the System, and are intended to clarify the existing law as well as to fill certain gaps. While most of the amendments are merely housecleaning items and reflect current administrative practices, there are also a number of substantive changes which are as follows:

Section 1, subsection (1) amends Section 88-21, HRS, by more clearly defining the term "elective officer" and specifically excluding from such definition persons elected to the Constitutional Convention. Such individuals will be excluded from membership because (1) as elective officers they do not have the option of membership and (2) under rules and regulations adopted by the System, employees of three months or less are excluded.

Section 2, subsection (2) redefines police officers and firefighters as "general employees" for the purpose of making them eligible for election to the Board of Trustees. Pursuant to HRS 88-102, members of the System are presently classified into four groups: general employees of the State; general employees of the counties; teachers; and police officers and firefighters. Under HRS 88-24, members of the System may elect three board members, two of whom must be "general employees" and one of whom must be a "teacher". The amendment therefore removes the current statutory prohibition barring police officers and firefighters from running for election.

Subsection (3) repeals HRS 88-32 relating to the independent medical review board. A recent Hawaii State Supreme Court decision held that appeals of adverse decisions to the board did not provide the member with the type of hearing required by the Administrative Procedures Act. Procedural rules were subsequently adopted by the Trustees to implement that ruling, thereby making the board an obsolete body.

Subsection (8) amends HRS 88-55 dealing with civilian employees of the Hawaii National Guard who had elected membership in the federal retirement system on January 1, 1969

and had later quit such employment to return to State or county employment. Excluded from membership service is the period these persons were under the federal system. It should be noted that many of these individuals were already members of the State Retirement System when they elected to join the federal retirement system.

Subsection (10) creates a new section under Chapter 88 relating to the membership of employees holding more than one position, appointment or office by limiting such individuals' membership to only one. However, where a person has two part-time positions of the same class, membership may be for both, provided that the two do not exceed 100 percent of full-time equivalence.

Subsection (11) amends HRS 88-58 by clarifying the provision dealing with per diem workers. In the early 1950's the retirement law was amended to provide membership to per diem county road workers who were at that time excluded because of the part-time nature of their work. Unfortunately, the law did not make clear that only county road workers were to be covered, so presently anyone who has been paid on a per diem basis may claim prior service. The amendment corrects this situation by restricting such prior service credit to only those per diem employees who had been county road maintenance workers after December 27, 1927.

Subsection (12) amends HRS 88-59 by allowing only those with five or more years of service to purchase their previous service through a lump sum payment. This change will prohibit anyone who has left service after ten years, withdrawn his contributions and subsequently returned to work, from purchasing all of his previous service and retiring after working only a few months. It should be noted that under current law, a member who does this will receive, under Option Five, a substantial monthly pension for life. This proposed amendment will apply only to future new members of the System.

Subsection (13) is a substantive change to HRS 88-62, relating to a former member's return to service. The section currently provides that when a former member returns to work after four years, all of his contributions to the System must be returned if he has not already withdrawn them. It further states that credit for previous service may be regained if he so desires by purchasing it in accordance with HRS 88-59; and that the service requirement must be fulfilled in order for him to qualify for any benefit. The aforesaid policy discriminates against those who have left with five or more years of service, did not withdraw their contributions and are therefore already vested. The amendment would change the law to cover only those with less than five years of service and provides that to be eligible for a retirement benefit after returning to work, the employee must meet the minimum service requirement without including any previous service that may have been purchased in accordance with HRS 88-59.

Subsection (15) amends HRS 88-96 and 88-97. Hawaii Revised Statutes 88-96 presently provides that the contribution of any separated member shall be returned upon request. It further states that no interest shall accrue to his account after four years, and that if he has five or more years of service he may attain "vested status" by filling out the proper forms within four years. "Vested status" makes him eligible for a service retirement at age 55 with benefits based on the formula existing at the time of his separation from service.

Hawaii Revised Statutes 88-97 deals with a separated individual who has attained such status and later returns to active service. The section states that (1) he shall become a member again; (2) he must fulfill the membership requirements in order to be eligible for a service retirement; and (3) his retirement benefit shall consist of his vested benefit plus whatever other benefit had accrued as a result of his new period of membership.

Such a situation creates an inequity when the member finally retires, particularly if his initial vested benefit had been based on a formula which produced an amount less than the current one in use. In the case of an individual who initially withdraws all of his contributions and later returns to service, pursuant to HRS 88-59 he can purchase all of his previous service and retire with all of it computed under the current formula. Moreover, the present law does not prohibit a vested person from attaining a refund of his contribution before he returns to service. For these reasons, members with five or more years of service often do not choose to attain vested status because it could actually be more disadvantageous to them.

The amendment to HRS 88-96 therefore provides that anyone with five or more years of service who had left his contributions in the System shall be deemed to have been vested without the necessity of filling out any forms for such purpose.

In addition, HRS 88-97 has been amended to provide that if a vested member returns to active service, his benefit shall be computed in accordance with the present statutes if he has less than five years of service after his return. However, if he has five or more years of service after his return, then all of his service shall be computed under the existing formula if the benefits so provided are greater than if computed in accordance with the present statutes.

Lastly, subsection (14) amends HRS 88-74 relating to the State's "25 years and out" retirement policy. As presently worded, the section may be misinterpreted to mean that a member with 25 years of any type of service is eligible for retirement without being penalized so long as he serves his last five years as a police officer, firefighter, corrections officer or sewer worker. The amendment seeks to clarify the situation by stating that any police officer, firefighter, corrections officer or sewer worker cannot retire with full benefits unless he has served 25 years in such a capacity, of which the last five must also be in such capacity.

Your Committee has amended the bill to correct technical errors.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 995, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 995, H.D. 2.

Signed by all members of the Committee.

SCRep. 564

Finance on H.B. No. 80

The purpose of this bill is to assign to the State Executive Office on Aging the responsibility for advocating the interests of residents of long-term care facilities, individually and as a class, and to promote improvement in the quality of life experienced by residents of long-term care facilities in Hawaii.

This advocacy function for institutionalized elderly is now a mandate on the State under the federal Older Americans Act, as amended in 1978.

The bill spells out the advocacy responsibilities assigned to the Executive Office on Aging. Long-term care facilities are required to permit access to the Executive Office on Aging as necessary for the Office to discharge its advocacy responsibilities. The bill prohibits retaliatory acts by a facility or its employees against any resident seeking advocacy assistance or making a complaint about a facility or any of its employees.

Your Committee has amended this bill to correct an error in drafting and your Committee has restored the original title of this bill.

Your Committee has further amended this bill to clarify the penalty provision (page 4, beginning on line 13).

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 80, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 80, H.D. 2.

Signed by all members of the Committee.

SCRep. 565

Finance on H.B. No. 605

The purpose of this bill is to authorize the department of social services and housing (DSSH) to determine the rates of payment to providers of medical care on the basis of the maximum amounts permitted by federal rules and the State's fiscal resources as determined by the legislature.

The cost of the State's Medicaid program is escalating at an alarming rate. Medicaid program costs have increased from \$38 million in FY 1974-75 to \$108.5 million during the present fiscal year, resulting in an approximately 15 per cent increase each year. The projected cost is \$122.6 million for 1979-80 and \$134.2 million for 1980-81. The escalation in costs is particularly disconcerting when compared with cost increases in the State's income maintenance program. It is expected that in the coming years, the cost of the Medicaid program will far exceed the cost of the income maintenance program.

Under current state laws, particularly Section 346-59, Hawaii Revised Statutes, DSSH is required to pay up to the maximum usual and customary fees permitted by federal rules. In addition, the state's biennial budget relative to these payments must be based upon the current profile of what is the usual and customary fees for medical, dental and other professional health care services. Under this set-up, as the usual and customary fees increase, both the payments to the providers of medical care and the biennial budget automatically must increase, irrespective of the status of the state's fiscal resources. For example, the program budget submitted to the legislature this biennium reflects a projected increase in payments to individual providers of \$7.1 million for 1979-80 and \$10.2 million for 1980-81, based on the 1977 profiles. By using the 1978 fee profiles, which were available after the budget was submitted to the legislature, an even larger projected increase of \$10.9 million for 1979-80 and \$12.3 million for 1980-81 would be indicated. This substantial impact on the Medicaid program, and the State's budgetary resources, is expected under current state law.

The bill amends the current state law to permit DSSH to set rates up to the maximum allowed by federal rules with due consideration for the state's fiscal resources as determined by appropriations made by the legislature for medical care payments and payments to health maintenance organizations.

Your Committee finds that this bill also specifically authorizes payments for health care services on a prepaid fixed fee basis. The proposed amendment will provide for statutory recognition of payments to health maintenance organizations such as the Kaiser Medical Center. The levels at which payment may be made must be established in accordance with appropriations made by the legislature each fiscal year.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 605, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 566 Finance on H.B. No. 612

The purpose of this bill is to delete the authority and responsibility of the department of social services and housing over intermediate care facilities and care homes for the medically indigent.

Your Committee agrees that there is no need for the department to be engaged in the actual operation of intermediate care facilities or homes for the medically indigent. The department will continue to license and regulate such homes and facilities under its Medicaid and Medicare programs.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 612, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 567 Finance on H.B. No. 740

The purpose of this bill is to amend Section 248-9 of the Hawaii Revised Statutes regarding how moneys in the state highway fund are to be expended and to repeal Section 248-11, Hawaii Revised Statutes, on expenditures for motor vehicle controls and regulations.

Your Committee finds that the priorities for expending state highway fund moneys, listed in Section 248-9, are for the most part outdated. Payments of interest on the principals of county and highway revenue bonds are no longer required since all of the county bonds have matured and the highway revenue bonds were refunded in 1967 with proceeds from general obligation refunding bonds issued in 1963.

In addition, the apportionment provision which governed new construction expenditures is no longer in effect since Act 75, Session Laws of Hawaii 1961 provides that all capital improvement projects require authorization by the legislature and the Governor.

Section 248-11 also is no longer needed as it provides state highway funds to support the interdepartmental transportation control commission which was abolished by Act 179, Session Laws of Hawaii 1975.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 740

and recommends that it pass Third Reading .

Signed by all members of the Committee .

SCRep. 568 Finance on H.B. No. 1681

The purpose of this bill is to establish a continuing nursing education fund to be administered by the Board of Nursing for approving continuing education offerings for nurses in Hawaii who have participated in continuing education programs . This bill also increases existing application and renewal fees for both registered and practical nurses .

The funds to be used for administration , record keeping , and operation of the Continuing Education Approval and Recognition Program (CEARP) will come from the assessment of nurses licenses . This bill establishes a continuing nursing education fund to provide, on a permanent basis , approval and recognition of continuing nursing education programs . This bill authorizes the Board of Nursing , with the approval of the director , to designate a percentage of the aggregate licensing fees to be paid into the fund .

Systematic learning experiences beyond the basic nursing preparation courses required for licensing are necessary to meet the ever changing and developing health needs of the people of the State of Hawaii . The careful monitoring of continuing education programs for nurses assures that they will be of value to the nurse participant . The recognition of nurses participating in continuing education programs is a form of peer review and helps to assure the employee and the public of the nurse's competence .

Your Committee did have some concern that the cost of providing for continuing education for nurses may in the future become an expensive proposition such that fees for nursing licenses will be sharply increased to cover such costs . However , upon examining Section 92-28, Hawaii Revised Statutes , your Committee finds that fees cannot be increased over a certain percentage without legislative approval . This will ensure that the legislature will have the opportunity to review any major expansion of CEARP .

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1681 and recommends that it pass Third Reading .

Signed by all members of the Committee .

SCRep. 569 Finance on H.B. No. 1684

The purpose of this bill is to allow the department of social services and housing to make recoveries from the estates of deceased recipients: (1) of social services payments if the recipient was age 65 or older and has no surviving dependent spouse or child who is under age 21 or disabled; (2) of burial cost payments if there is no surviving dependent spouse or child who is under age 21 or disabled; (3) of any payments made under a claim subsequently found to have been fraudulent; and (4) of medical or burial payments from third parties who are found to be liable for the payments .

Your Committee agrees that this proposal should have a deterring effect on recipients from withholding information on income and resources thus providing for proper and correct public assistance eligibility .

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1684, H.D. 1 and recommends that it pass Third Reading .

Signed by all members of the Committee .

SCRep. 570 Finance on H.B. No. 1664

The purpose of this bill is to conform State law relating to the vocational rehabilitation of blind and visually handicapped persons to federal law to obtain federal funds and grants .

For example, the federal law has , under its definition of vocational rehabilitation services , services beyond what is included in Section 347-4 such as reader services , rehabilitation teaching services , and orientation and mobility services for the blind , sensory and other technological aids and devices , post-employment services , services

to family members, and "other goods and services which can reasonably be expected to benefit a handicapped individual in terms of employability." The federal law also establishes standards relating to quality of services and personnel providing services. Conformance with present federal laws will permit the State to receive federal vocational rehabilitation matching funds and project grants.

Your Committee agrees with the purpose of this bill.

Your Committee has amended this bill by deleting references to the year of enactment of the federal Vocational Rehabilitation Act and the Randolph-Sheppard Act on page 1, lines 7 and 8.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1664, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1664, H.D. 2.

Signed by all members of the Committee.

SCRep. 571 State General Planning and Water, Land Use, Development and
Hawaiian Affairs on H.B. No. 1234

The purpose of this bill is to clarify Section 205-4.5(b) of the Hawaii Revised Statutes on the subdivision of agricultural lands rated A or B.

At the present, it is not clear as to whether a subdivision for special permit purposes is allowable on A and B rated agricultural lands. Through experience, the Land Use Commission has found that on certain special permit approvals, a subdivision of land is required to establish the proposed use. For example, a two-acre sewage treatment plant site that is located in a fifty-acre parcel of land would need to be subdivided in order to have it conveyed from private to public ownership. Although under the special permit procedure, the treatment plant could be permitted, it is questionable as to whether this land can be subdivided under the present wording of the law. The proposed amendment will clarify the law by allowing the subdivision of land for uses approved under the special permit procedure.

Your Committees find that only the first portion of Sec. 205-4.5(b) was included in this bill and have amended it to include the remainder of Sec. 205-4.5(b).

Your Committees on State General Planning and Water, Land Use, Development, and Hawaiian Affairs are in accord with the intent and purpose of H.B. No. 1234, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1234, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representative Sakamoto.

SCRep. 572 State General Planning and Water, Land Use, Development and
Hawaiian Affairs on H.B. No. 1232

The purpose of this bill is to facilitate the processing of special permits by placing the responsibility of approving special permits involving land areas of fifteen acres or less with the counties.

At present, the Land Use Commission is responsible for reviewing all special permits within the State. However, approximately 75 percent of those permits involve uses which have only local impacts. This bill would serve to streamline the land use regulatory system by requiring the Land Use Commission to review only those permits involving land areas of more than fifteen acres. All other special permits would be subject to approval by the appropriate county planning commission. This would thus, enable the Land Use Commission to focus its efforts on those special permits which would have larger impacts of a statewide nature.

Your Committees on State General Planning; and Water, Land Use, Development, and Hawaiian Affairs are in accord with the intent and purpose of H.B. No. 1232 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representative Garcia.

SCRep. 573 Water, Land Use, Development and Hawaiian Affairs; and Housing
on H.B. No. 1215 (Majority)

The purpose of this bill is to amend Section 46-6, Hawaii Revised Statutes, regarding current park dedication legislation.

This bill serves to provide the counties with increased flexibility in the enactment of park dedication procedures. The bill would allow the counties the option of adopting a park dedication ordinance and provide them with more flexibility in setting park dedication fees and establishing by ordinance a time limit within which they must spend the park dedication fees they have collected. This bill would also serve to clarify an ambiguity as to whether the land dedicated for park and playground purposes is to be for the exclusive use of the people in that subdivision or merely to be accessible to them. In addition, the bill deletes the present statutory exemption of hotels from the park dedication fee.

Testimony by environmental groups supported the overall intent of the bill. However, the feasibility of allowing the counties the option of adopting park dedication ordinances was questioned. The testimony was based upon past experiences where lobbying for a park dedication ordinance in the City and County of Honolulu proved to be a long and difficult procedure.

In view of these concerns, your Committees recommend that lines 4, 6, and 8 of page 1 and line 15 of page 2 of Section 46-6 be amended to maintain the existing language of this section.

The change in line 4 would remove the county's option to adopt park dedication ordinances and the other changes would clarify the question of which individuals would be entitled to usage of the parks.

Your Committees on Water, Land Use, Development and Hawaiian Affairs, and Housing are in accord with the intent and purpose of H.B. No. 1215, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1215, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Garcia
and Sakamoto.
(Representative Sutton did not concur.)

SCRep. 574 Ocean and Marine Resources on H.B. No. 617 (Majority)

The purpose of this Bill is to amend Section 205-33 of the Hawaii Revised Statutes to permit State or County agencies to replenish sand on public beaches from offshore sand deposits, and to remove superfluous provisions from the statutes.

Testimony before your Committee by the Department of Transportation reveals that existing statutory prohibition, in some instances, affects beach sand replenishment projects in both an operational and economic perspective. As an example, Kualoa Regional Park, Oahu, is currently experiencing severe erosion problems and current statute prohibits the use of sand deposits located offshore in less than 30 feet of water. As a result, this prohibition severely affects the implementation of beach replenishment at the Kualoa site and also increases the total cost of the project.

Further testimony before your Committee by the U.S. Army Corps of Engineers reveals that, in some projects, the economics cost of utilizing commercial sand sources for replenishment of sand on public beaches is much greater than utilizing offshore sand deposits located in areas near certain projects. As an example, the Corps conducted cost comparisons of the sources of sand for the replenishment of the Kualoa Beach Park. The results indicated that the cost of the project using commercial sand was approximately \$1,000,000 compared to an approximate cost of \$450,000 if the offshore sand source at Kualoa was utilized.

Since the intent and purpose of this Bill is to permit State and County agencies to replenish sand on public beaches from offshore sand deposits, your Committee feels that all reference to commercial mining of sand and other minerals within 1000 feet from shore and in water less than 30 feet in depth, as proposed in H.B. No. 617, should be eliminated.

Your Committee further finds that it is desirable to include the taking of sand, coral,

rocks, soil or other beach or marine deposits from public beaches for reasonable personal use as a permitted exception to the taking of those materials from the shoreline area and territorial ocean. This would allow individuals to take small quantities of those materials for uses in gardens, children's sandboxes and other similar small scale needs.

Your Committee also finds that there are many factors that must be considered prior to starting work on a beach replenishment project, including important questions concerning the potential effects on the environment that could result from moving sand from an offshore deposit to the beach. Therefore, your Committee finds that it is desirable to include in the amendment to Section 205-33, Hawaii Revised Statutes, a provision that an environmental impact statement shall be filed pursuant to Chapter 343, Hawaii Revised Statutes, in situations requiring the mining or taking of sand for the replenishment of public beaches.

Your Committee has amended this Bill by deleting the language in lines 15-23 on page 2 and lines 1-11 on page 3 and inserted the following language:

"The mining or taking of sand, coral, rocks, soil, or other beach or marine deposits from the shoreline area or territorial or archipelagic ocean is prohibited with the following exceptions:

- (1) Taking from a public beach for reasonable, personal, noncommercial use, or
- (2) The mining or taking is located more than 1,000 feet seaward from the shoreline, and in water of 30 feet or more in depth, or
- (3) The mining or taking of sand is for the replenishment of sand on public beaches, by the State or a County, provided that for the purpose of this paragraph, an environmental impact statement shall be filed pursuant to chapter 343.

Except for the taking for personal use as provided in paragraph (1) above, the written permission of all governmental agencies having jurisdiction shall be required for any mining or taking of sand, coral, rocks, soil, or other beach or marine deposits within the shoreline area and the territorial or archipelagic ocean."

Your Committee on Ocean and Marine Resources is in accord with the intent and purpose of H.B. No. 617 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 617, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Garcia.
(Representative Uechi did not concur.)

SCRep. 575 Finance on H.B. No. 614

The purpose of this bill is to replace the office of the legislative reference bureau with the department of social services and housing as the state information agency under the Uniform Reciprocal Enforcement of Support Act.

Currently, the department of social services and housing administers the Federal IV-D Program which includes interstate cooperation in locating persons delinquent in or avoiding payment of child support. The functions of the legislative reference bureau under the Uniform Reciprocal Enforcement of Support Act are similar to the functions of the department of social services and housing which has the responsibility for federal and State statutes on child support. Thus, consolidation of functions will result in greater efficiency.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 614, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 576 Corrections and Rehabilitation and Judiciary on H.B. No. 426

The purpose of this bill is to allow closer supervision of users of controlled substances by enabling the Court, as a condition for granting probation, and the Parole Board, as a condition for granting parole, to require periodic tests to determine if the probationer

or parolee is addicted to a controlled substance.

Your Committees believe that periodic testing for substance abuse will insure the parolee or probationer does not sustain a daily drug habit without identification and referral to drug abuse treatment. Such testing may have a significant bearing on reducing drug use, criminal recidivism and crime in the State of Hawaii. Many people who are addicted to heroin, for example, must turn to property crime or drug selling in order to get the money to buy their drugs. In either case, they inflict great harm to society by committing property crime and by spreading heroin addiction to others.

Your Committees believe that close supervision and prompt referral to drug abuse treatment will significantly decrease recidivism and improve such persons' chances of successfully becoming productive members of society.

Your Committees on Corrections and Rehabilitation and Judiciary are in accord with the intent and purpose of H.B. No. 426 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representative Garcia.

SCRep. 577

Finance on H.B. No. 92

Your Committee on Finance has reviewed H.B. No. 92, H.D. 1 and the accompanying report of the Committee on Judiciary, Standing Committee Report No. 231. Your Committee on Finance concurs with the intent expressed in Standing Committee Report No. 231 and incorporates Standing Committee Report No. 231 into this report by reference.

Your Committee on Finance concurs with the amendments to H.B. 92 made by the Committee on Judiciary including the amendments to Sections 1, 3 and 5 of H.B. 92 which referred to original jurisdiction. The effect of these particular amendments is to create an intermediate court of appeals having the same powers and the same appellate jurisdiction as the supreme court but subject to rules of that court.

Your Committee on Finance has inserted at page 56 \$3.00 as the amount of certain court fees in section 45 of H.B. 92, H.D. 1, and has made a number of other changes to H.B. 92, H.D. 1 to correct typographical errors as follows:

Page 5, line 3: Insert "the" in bracket;

Page 5, line 22: Insert "who" in bracket;

Page 6, line 1: Begin first word "after" with capital letter;

Page 10, line 21: Delete article IV, substitute article V;

Page 14, line 9: Add quotation mark at sentence end;

Page 26, line 13: Insert "of appeals" before last word of sentence;

Page 40, last line: Add quotation mark at sentence end;

Page 41, line 7: Delete brackets from second word "court";

Page 49, line 18: Delete brackets from "and";

Page 50, line 8: Correct first word to read "cause";

Page 59, line 13: Delete "is" between words "amount" and "payable";

Page 64, line 17: Correct last word "part" to read "party";

Page 76, line 21: Underline first word "a";

Page 80, lines 2, 3 and 4: Delete "641" and substitute "664" in line 3; transpose lines 3 and 4 to lines 2 and 3, and line 2 to line 4;

Page 80, line 16: Add quotation mark at sentence end.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 92,

H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 92, H.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 578 Finance on H.B. No. 1143

The purpose of this bill is to specify the membership of the Metropolitan Planning Organization (MPO), their functions, the functions of the MPO chairman and the time and procedures of their meetings.

Under present law the MPO policy committee consists of 19 members: nine members from the legislative and executive bodies of the appropriate County; five members of the State Senate who are residents of the County and who are appointed by the Senate President; and five members of the State House of Representatives who are residents of the County and who are appointed by the Speaker of the House.

Presently, the chairperson places on the agenda for full hearing, any issue or project of subsequent matter relating to transportation which is requested by at least five members. Presently seven State members and five City members are necessary when decisions are made concerning input to any advisory plans or procedures, and the decision must be made by a majority vote of the entire membership of the MPO.

This bill establishes an executive committee, selected from the MPO policy committee, made up of seven members to include three members of the appropriate County; two members of the State Senate; and two members of the State House of Representatives. The chairperson of the MPO policy committee will also serve as chairperson of the executive committee.

This bill also states that the chairperson shall place on the agenda for hearing any issue which is requested by at least two (not five) members of the MPO policy committee.

Section 3 of this bill mandates the policy committee to meet as called to review and approve the final MPO Overall Work Program, OWP; the Transportation Systems Management Element, TSME; the Transportation Improvement Program, TIP; the MPO annual budget; as well as to validate the executive committee's actions of the past year. It further allows telephone votes by MPO members provided that subsequent signed validations are submitted.

Your Committee believes that with these changes the Oahu Metropolitan Planning Organization will be able to perform its duties in a more efficient and expeditious manner.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1143, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 579 Agriculture and Consumer Protection and Commerce on H.B. No. 1653

The purpose of this bill is to amend Chapter 150, Hawaii Revised Statutes, to enable the Department of Agriculture to meet changing seed marketing practices and for an increase in seed importers' license fees.

The Department of Agriculture in its testimony stated that the bill will be advantageous for the agriculture industry for the following reasons: (1) it provides for additional labeling requirements to keep abreast of changing marketing practices; (2) it provides for the Department of Agriculture, by regulation, to adopt recommended labeling requirements; and (3) it provides for the Department of Agriculture to set the licensing fee at a level appropriate to cover the costs of processing licenses.

Your Committees find that keeping abreast with new innovations in the marketing of seeds, including the pelletizing or coating of seeds, and improvements in packaging will protect the consumer from purchasing products that do not meet state or federal standards.

Your Committees on Agriculture and Consumer Protection and Commerce are in accord with the intent and purpose of H.B. No. 1653, and recommend that it pass Second Reading

and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 580 Agriculture and Consumer Protection and Commerce on H.B.
No. 1633

The purpose of this bill is to amend Chapter 144, Hawaii Revised Statutes, to enable the department of agriculture to more adequately monitor the manufacture and distribution of medicated feeds in Hawaii, to enter into a cooperative state-federal inspectional program, and to update the statute so it remains current with advances in feed technology.

The department of agriculture in its testimony stated that the bill will be advantageous for agricultural inspection in the state for the following reasons: (1) it provides for the inclusion of the rules and regulations promulgated under the Federal Food, Drug and Cosmetic Act relating to animal feeds; (2) it provides for the adoption of Food and Drug Administration (FDA) Good Manufacturing Practice Regulations for medicated feeds and premixes; (3) Registration fees will still be assessed but the rate structure will be provided by rules and regulations; (4) it provides for labeling requirements pertaining to guaranteed analysis, adequate directions for use on feeds containing drugs, and precautionary statements on claim for feeds; (5) it provides for more detailed inspection, sampling and analysis of commercial feeds; and (6) it provides for the confidentiality of "trade secrets" by imposing a monetary fine and/or an imprisonment sentence.

Your Committees strongly believe that there is a potential human risk associated with medicated feeds and that this bill would enable the department of agriculture to re-focus its inspectional service to concentrate on this risk.

Your Committees have heard testimony from the department of agriculture and the Hawaii Farm Bureau Federation in support of this bill.

Your Committees on Agriculture and Consumer Protection and Commerce are in accord with the intent and purpose of H.B. No. 1633 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 581 Transportation on H.B. No. 1430

The purpose of this bill is to revise the present laws relating to odometers. Section 292-1, Hawaii Revised Statutes, has been amended to assure the accuracy of the odometer system installed in certain passenger cars introduced into the State for use. This Chapter also applies to certain passenger cars when they are intended for export.

This bill provides the Director of Measurement Standards with statutory authority to amend by rule and regulation commercial odometer accuracy requirements to conform with federal standards.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 1430, H.D. 1 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 582 Transportation on H.B. No. 596

The purpose of this bill is to clarify the liability insurance requirements for persons who rent or lease mopeds.

Under present law, every person who rents or leases mopeds is required to carry insurance in the amount of not less than \$10,000 per person and \$20,000 per accident as coverage for third party bodily injury and property damage resulting from accidents.

This bill would clarify the nature of the policy limits and would set the minimum liability coverage at \$25,000 per occurrence bodily injury and \$5,000 per occurrence property damage.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 596 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 583 Consumer Protection and Commerce on H.B. No. 531

The purpose of this bill is to increase the maximum estimated cost currently allowed of a building that is planned and allowed to be constructed without first obtaining a certification of an architect or engineer.

Present law provides that a stamp of certification is required on the plans for a proposed building if it is estimated to cost \$35,000 or more for a single-story building and \$30,000 or more for a two-story building. This bill would raise these exemption thresholds to \$50,000 and \$45,000, respectively.

Your Committee finds that the increased limits reflect the higher costs of construction that currently prevail as compared to the costs of construction at the time the present limits were set. By raising the limits, the original intent of the exemption, that structures of a certain size and cost do not require certification, is preserved. Your Committee also finds that the safety aspects of uncertified buildings will be adequately regulated by the building codes of the various counties.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 531 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 584 Consumer Protection and Commerce on H.B. No. 182

The purpose of this bill is to require a party in cases involving a public utility to file a motion for reconsideration with the Public Utilities Commission (PUC) prior to taking an appeal to the Supreme Court and to provide an automatic twenty day maximum stay of the PUC's order until such motion is disposed of.

There are at present no provisions in the public utility laws which allow affected parties to file a motion for reconsideration or rehearing with the PUC. Your Committee finds that requiring a motion for reconsideration to be filed and determined prior to appeal functions to exhaust all administrative remedies and allows the parties, the PUC, and the Supreme Court, should an appeal be taken, to narrow the issues of the areas and points in controversy.

Your Committee is in agreement with the intent and purposes of the bill but finds that certain amendments are necessary:

1. Parties have been limited by subsection (a) of Section 2, to one motion for reconsideration each to prevent frivolous claims intended to delay the contested rate change from taking effect.

2. The conditions required before an appeal can be taken noted in subsection (c) of Section 2 of H.B. No. 182 are clarified in a new subsection (b) of Section 2 whereby the circumstances under which an appeal to the state Supreme Court can be taken are denoted.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 182, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 182, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 585 Health and Consumer Protection and Commerce on H.B. No. 1658

The purpose of this administration bill is to update the listing of controlled substances to conform with federal law, to conform the law relating to prescription of controlled

substances with federal provisions, and to provide for the proper performance of duties of the investigators of the investigations and narcotics control section/diversion investigation unit.

Your Committees based upon testimony of the department of health have amended this bill by adding an additional item to the controlled substances listing, which was added to the federal lists since the date of original introduction of this bill.

In addition, an amendment was made which would require the department of health to republish the schedules of controlled substances annually or more often as necessary to update the schedules, and which would require the department to notify the public of the changes in the schedules and to provide copies of the changes.

Other nonsubstantive technical and style amendments were made by your Committees.

Your Committees on Health and Consumer Protection and Commerce are in accord with the intent and purposes of H.B. No. 1658, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1658, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 586 Health and Consumer Protection and Commerce on H.B. No. 1401

The purpose of this bill is to provide for the retention of medical records of patients for a period of ten years.

Your Committees have amended the bill to delete retention of certain information on the premise that several cost factors are involved and that ten years was a sufficient period of retention. Additionally, the amended bill requires that medical records be kept up to the twentieth birthday, but not less than ten years for minors.

Your Committees have further amended the bill to clarify the responsibilities of successors.

Your Committees on Health and Consumer Protection and Commerce are in accord with the intent and purpose of H.B. No. 1401, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1401, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 587 Health and Consumer Protection and Commerce on H.B. No. 1655

The purpose of this bill is to allow graduates of a foreign dental college to apply for and take the examination required for the license to practice dentistry and to amend the requirements for a temporary license to practice dentistry.

Under current law the requirements for a license to practice dentistry in Hawaii include United States citizenship. In 1974 the office of the attorney general ruled that the board of dental examiners could not require such citizenship as a prerequisite for licensure. In addition, the current law left unclear the qualification requirements for licensing of graduates of foreign dental colleges which were neither accredited nor approved nor recognized by the appropriate associations performing such accreditation and approval.

The bill is intended to eliminate the citizenship requirement and to allow for the examination for licensing of graduates of foreign dental colleges. The bill establishes definite criteria for applicants who may have graduated from a foreign dental college, and requires additional credentials to be provided by such applicant to enable the board of dental examiners to properly assess the qualification of the applicant.

To further insure that the graduate of a foreign dental college possesses the knowledge, skills and competence equivalent to a graduate of a dental school approved by the board, the bill also establishes additional requirements for testing of such graduates.

The bill also contains amendments to the temporary licensing provisions to require that a person given a temporary license perform his work under the supervision and direction of a licensed dentist and to limit the temporary license for one year.

Your Committee has amended the bill relating to the issuance of temporary license to expand and clarify the conditions under which temporary licenses can be issued. Conditions under which temporary licenses to practice dentistry can include periods when there are absences or shortages of licensed dentists in particular localities, when dental services are provided government or eleemosynary agencies as an employee, when practicing under a licensed dentist prior to taking the dental examinations and when public emergencies exist. In most cases, the license is temporary for a period of eighteen months.

Your Committees on Health and Consumer Protection and Commerce are in accord with the intent and purpose of H.B. No. 1655, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1655, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 588

Finance on H.B. No. 1686

The purpose of this bill is to authorize the Hawaii Housing Authority to raise funds from private investors through the sale of tax-exempt revenue bonds, and to make those funds available at affordable interest rates through mortgage lenders to persons and families of lower and moderate income to enable them to purchase a new or existing home or to convert their residential leasehold property to fee simple. The funds will be used in a housing loan program to provide for:

1. The making of loans to mortgage lenders who will in turn make eligible loans to persons of lower and moderate income;
2. The purchase of existing loans or mortgages from mortgage lenders who will then make eligible loans;
3. The making of advance commitments to purchase eligible loans from mortgage lenders;
4. The funding or committing to fund eligible loans through mortgage lenders or for leasehold conversion loans for the purchase of a fee simple title from a lessor by a lessee.

Your Committee agrees that a major cause of the continuing housing crisis in Hawaii is the lack of long term financing at affordable interest rates, available in particular to first time buyers, younger families, persons and families of lower and moderate income, and the elderly.

The concentration of ownership of fee simple title to significant areas of land in the hands of estates, trusts and large private landowners has contributed to the serious shortage of single family residential fee simple property at reasonable prices. The provision of funds provided for in this bill for leasehold conversion loans for the purchase of fee simple title from a lessor by a lessee is consistent with the policy of this State to disperse ownership of fee simple title in single family residential property to as many people in this State as possible.

Your Committee further agrees with the findings expressed in House Standing Committee Report No. 242 and incorporates such findings in this report.

Your Committee has amended this bill to correct references and to add language for clarification to eliminate possible ambiguity and possible confusion as follows:

1. Page 5, line 21 -- the words "of families" should be deleted and the words "for households" should be inserted in its place.
2. Page 5, line 22-- the words "determined and" should be deleted.
3. Page 7, line 22-- after "Federal Housing Administration," the following should be inserted: "or an approved lender for the Veterans Administration or the Farmers Home Administration,".
4. Page 36--"sec. 356-49" and "sec. 356-50" should be changed to "sec. 356-50" and "sec. 356-51", respectively.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1686, H.D. 1 as amended herein and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1686, H.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 589 Consumer Protection and Commerce on H.B. No. 1254

The purpose of this bill is to provide that all consumer commodities whose packaging or labeling uses the terms "Hawaii" or "Hawaiian" are in fact manufactured into final package form or grown in the State of Hawaii.

There are no provisions in the present law to deal with labeling requirements for the specific terms "Hawaii" and "Hawaiian". This bill would prohibit the use of these words on labels or packaging of consumer commodities which are not manufactured into final package form or grown in Hawaii. The words, "Hawaii Style" or "Hawaiian Style" may, however, be used subject to certain conditions.

Your Committee feels that misbranding of the type referred to by this bill may tend to mislead consumers into the mistaken belief that a product is manufactured or grown in Hawaii when it is in reality, not. Your Committee finds from the testimony received that the Federal Food and Drug Administration has placed a low priority on misbranding enforcement and that this practice has been virtually unchecked.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1254 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 Garcia.

SCRep. 590 Consumer Protection and Commerce on H.B. No. 160

The purpose of this bill is to reduce the statutorily set trust corpus of the Physicians and Surgeons Cooperative Indemnity from \$5 million to \$3 million.

Your Committee finds that the initial level of the trust corpus was not set pursuant to any actuarial study of the conditions in this State. Your Committee also finds that the cooperative has not yet become operative because the trust corpus has not yet reached \$5 million as required.

Your Committee finds from an actuarial study introduced as part of the testimony received that, based on existing conditions in Hawaii and conditions experienced elsewhere, including malpractice recoveries and claims, that \$3 million is a sufficient initial corpus.

Your Committee feels that an operational Physicians' Indemnity Plan would significantly decrease medical malpractice insurance premiums currently charged to physicians and can be passed on to consumers in the form of reduced costs of medical care. Your Committee is in accord with this intent of the bill.

Your Committee is, however, concerned that the trust corpus level may not prove to be adequate with the changing conditions of population, standard of health care, and frequency and amount of medical malpractice claims. Your Committee has therefore amended H.B. No. 160 to allow the Director of the Department of Regulatory Agencies to investigate and verify the amounts specified by section 435E-12, Hawaii Revised Statutes.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 160, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 160, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Masutani.

SCRep. 591 Consumer Protection and Commerce on H.B. No. 1589

The purpose of this bill is to protect the consumer public against roofing contractors who offer exaggerated warranties by requiring bonds on roofs which are guaranteed for a period in excess of ten years.

Your Committee finds from the testimony presented that the majority of complaints received by the Contractors License Board relate to roofing and that many are filed against roofing firms that have offered long term warranties but were no longer in existence when claims were made under the warranty.

Your Committee is in agreement with the intent of this bill to eliminate this practice of misleading consumers by enticing them into contracts by offering long term warranties which the roofer has no intention of honoring. Your Committee feels that by requiring each roofing contract with a warranty in excess of ten years to be secured by a bond, the intent of this bill will be effectuated.

Your Committee also feels, however, that the Department of Regulatory Agencies need not be made custodians of all contracts by this bill, including evidence of the bonds issued, as such a requirement will unduly burden the Department's workload and will require additional staffing, and has, therefor, deleted this from the bill. Your Committee has further amended this bill by making technical, non-substantive changes.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1589, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1589, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Masutani.

SCRep. 592

Consumer Protection and Commerce on H.B. No. 181

The purpose of this bill is to establish statutory guidelines aimed at simplifying the procedure for reconsideration or rehearing of a Public Utilities Commission (PUC) decision and order in a motor carrier matter.

Present law provides for reconsideration of a PUC decision but retains certain cumbersome procedures. Your Committee is in agreement with the testimony received that a simple procedure that can dispose of a motion for reconsideration or rehearing is desirable and essential. Your Committee finds that this bill effectively simplifies the reconsideration of PUC decisions by deleting unnecessary provisions of the present statute and by providing a procedure whereby a motion can be made for reconsideration or rehearing within ten days of the PUC's decision and order. Upon filing of the motion, the PUC's order shall be stayed for a maximum of twenty days, at which time said motion will be deemed denied.

Your Committee, however, finds that certain amendments are necessary to preserve the intent and purpose of this bill:

1. Parties have been limited by subsection (a) to one motion for reconsideration each to prevent frivolous claims intended to delay the contested rate change from taking effect.

2. A subsection 271-32(b)(2) has been added to clarify the interface of the automatic twenty day stay provision with the five month suspension period of section 271-20(e). This new subsection provides that a change in rate, fare or charge which would otherwise go into effect by operation of section 271-20(e) relating to unconcluded proceedings, shall not be effective if a motion for reconsideration is pending. If said motion is not determined within twenty days, the commission's final decision and order that was moved on will be effective.

3. The conditions required before an appeal can be taken noted in subsection (a) of H.B. No. 181 are clarified in a new subsection (e) whereby the circumstances under which an appeal to the State Supreme Court can be taken are denoted.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 181, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 181, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 593 Consumer Protection and Commerce on H.B. No. 1206

The purpose of this bill is to amend section 521-71, Hawaii Revised Statutes, to require a landlord to provide sufficient notice to tenants of the termination of their tenancy when the dwelling unit is to be converted to a condominium under Chapter 514A.

Present law provides that a minimum 90 day notice must be given to a month to month tenant prior to termination of the tenancy when the dwelling unit is voluntarily demolished. It is unclear whether month to month tenants of dwelling units that are to be converted into condominiums are also required to be afforded the same notice.

Your Committee finds from the testimony presented that the intent of section 521-71 was to provide a reasonable period of time for the rental market to absorb a large number of new tenants necessitated by the demolition of their former dwelling units. Your Committee also finds that the effect on the rental market of converting a rental dwelling into a condominium is identical to that of demolishing it. Your Committee is therefore in agreement with the intent of this bill to provide reasonable notice to those renters whose tenancies are to be terminated because of conversion.

To further implement the intent of this bill, your Committee has amended it to lengthen the required time of notice prior to termination to 120 days in cases of both demolition and conversion. Your Committee feels that this longer period will lessen the strain that will be placed on the rental market and will not unduly burden landlords.

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

Signed by all members of the Committee except Representative Baker.

SCRep. 594 Consumer Protection and Commerce on H.B. No. 511

The purpose of this bill is to delete the definition of and remove references to "distributor branch" contained in Chapter 437, Hawaii Revised Statutes.

Under present law, there are categories for both distributors and distributor branches under Chapter 437, with similar definitions. Your Committee finds from the testimony presented that there are 11 distributor branches doing business in Hawaii and that nine of them have distributors who are doing business at the same address. Your Committee finds that the duties of distributors and distributor branches are so similar that the Department of Regulatory Agencies is assessing two license fees for essentially the same function. Your Committee therefore feels that it is unnecessary to have two separate categories and is in accord with the intent of this bill to delete "distributor branch" from Chapter 437.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 511 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

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

SCRep. 595 Consumer Protection and Commerce on H.B. No. 1526

The purpose of this bill is to decrementally phase out the sale of beverages in metal containers with detachable openings, first at the manufacturing, importing, and wholesaling levels, and then at the retail level, after allowing sufficient time for the disposal of inventories.

Under present law the sale of beverages in metal containers with detachable openings was prohibited as of January 1, 1979. This did not allow suppliers, wholesalers, and retailers sufficient time to take delivery of purchases already in transit and then dispose of these inventories.

Your Committee is in agreement that prohibiting the sale of beverages in these containers at the manufacturing, importing, and wholesaling levels as of July 1, 1979, and at the retail level as of October 1, 1979, will allow the industry sufficient time to make the

necessary adjustments.

Your Committee is also in agreement that the intent of the bill was not to prohibit transshipments of containers above described and therefore is in accordance with the amendments made to H.B. 1526.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. 1526, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Lee and Masutani.

SCRep. 596 Finance on H.B. No. 1127

The purpose of this bill is to authorize hospitals operated by the State to accept credit cards for charges.

Credit card transactions have become a major source of bill collection. Your Committee finds that the department of health approves of the usage of credit cards for bill collection by state hospitals. Presently, credit card charges for funds owed to the State are routinely accepted by the University of Hawaii and has been authorized to be used by the judiciary branch.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1127, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 597 Finance on H.B. No. 1060

The purpose of this bill is to provide tuition waivers to members of the Hawaii National Guard and military reserve units.

The national guard and reserve units add millions of federal dollars to the State's economy in terms of full-time employees' salaries and drill status pay. There is the danger of losing much-needed units and positions authorized because of the insufficient number of personnel to adequately man the reserve component units. Consequently, the State's economy could suffer the loss of federal dollars. This bill proposes to provide an incentive to attract and retain personnel for Hawaii National Guard and reserve units.

Although the University of Hawaii is able and willing to accomplish the administrative activities under this bill, your Committee wishes to express its concern and suggests that there be proper monitoring of the guard and reserve personnel who receive tuition waivers pursuant to this bill.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1060 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 598 Finance on H.B. No. 1322

The purpose of this bill is to exclude certain small providers of health service from coverage under the certification of need law as organized ambulatory health care facilities.

Present requirements are so inclusive that it requires small medical groups and some cooperatives of two physicians to acquire a certificate of need for a new office site or moving to another. The definition of organized ambulatory health care facilities was written with the intent of including major medical groups under certificates of need law when they establish new offices. However, there are some 70 or 80 small providers who fall under this definition and who must acquire a certificate of need before they can establish a new office or move to a different location.

Your Committee finds that an exemption from certificates of need is appropriate for "minor" providers as it is beyond the intent of the law.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1322,

H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 599 Finance on H.B. No. 2

The purpose of this bill is to appropriate funds to the Judiciary for the fiscal biennium July 1, 1979 to June 30, 1981.

The bill provides \$37,747,615 in operating funds for the 1979-81 fiscal biennium. Of this amount \$18,652,183 is for fiscal year 1979-80 and \$19,095,432 is for fiscal year 1980-81.

A major portion of the requirements centers around the recent amendments to the State Constitution which mandated an intermediate appellate court to resolve the appellate congestion issue; a judicial selection commission to nominate and reappoint judges; a judicial discipline commission which will have authority to conduct investigations and hearings on complaints made against judges; and grand jury counsels to advise the grand jury.

The bill also provides funds for 10 CIP projects in fiscal year 1979-80 and 1980-81. The bulk of the funding is for three major projects, the State Judiciary Complex, \$24,329,000 and the Honolulu District Court, \$1,000,000; and the Wailuku Judiciary Complex, \$5,806,000.

Your Committee has amended this bill by revising operating expenditures for salary turnover savings, the addition of a library technician in the Circuit Court of the Fifth Circuit, and for minor budgeting errors. The CIP expenditures have also been revised by deleting the second year funding, providing for \$1.7 million in general obligation bond funds to cover the additional cost for the Honolulu District Court Building due to implementation delays, and providing a bond issuance provision to ensure funding of the proposed CIP projects.

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

Signed by all members of the Committee.

SCRep. 600 Housing and Consumer Protection and Commerce on H.B. No. 77

The purpose of this bill is to amend Chapter 519, Hawaii Revised Statutes, by adding a new section to provide a method for establishing, upon renegotiation, reasonable lease rentals for leasehold condominium units used as a principal place of residence.

The bill generally follows the lease rent renegotiation formula which was established for single family residential lots but the formula was tailored to cover the residential apartment in a leasehold condominium.

The formula provided that the lease rent payable by the lessee of a residential apartment in a leasehold condominium shall not exceed the "owner's basis" multiplied by four per cent. The "owner's basis" as defined for single family residential lots and the fixed four per cent figure is used; however, your Committees believe that the "owner's basis" and four per cent figure which may be appropriate for the single family leasehold residential lots, do not appear to be appropriate for the residential apartment in a leasehold condominium. Accordingly, your Committees made several amendments to the bill to structure the lease rent renegotiation formula for the unique situation of the leasehold condominium. Particularly, your Committees made the following amendments:

1. "Owner's basis" was redefined so that the fair market value of the land, once determined in accordance with accepted appraisal techniques, must be adjusted by the on site improvements and the limitations and restrictions on the use of the land contained in the declaration establishing the horizontal property regime. Thereafter, the contributions of the apartment owners, usually by way of maintenance fees they are required to pay for the upkeep and improvement of the land, must be deducted to the extent that such contributions increased the fair market value of the land. In addition, the apartment owner's share in the current replacement cost of providing existing offsite improvements, may be deducted, provided that the apartment owners

have a share in the replacement cost. In condominiums developed in locations having established offsite improvements, the apartment owners would have little or no share in the cost of the offsite improvements as they have not contributed to the development of these offsite improvements. In this situation, there would be no deduction for the apartment owner's share in the cost of the offsite improvement.

2. A new phrase "original percentage rate" was added to define the percentage rate which would be applied against the owner's basis to derive the maximum annual lease rent payable by the apartment owner upon renegotiation of the lease rent.

The original percentage rate is intended to be equal to the percentage rate that was or might have been used in setting the lease rent for the first fixed rent period of the lease. As defined, original percentage rate would be the percentage figure derived by dividing the annual lease rent for the first fixed rent period by the apartment owner's pro rata share of the fair market value of the land determined as of the first day of the first fixed rent period. Although the percentage rate thus determined will result in many different percentage rates for different leases, your Committees believe that the percentage rates will be more representative of the different expectations of the apartment owners at the time of renegotiation than the flat across-the-board four per cent figure.

3. The permissible frequency of renegotiations has been reduced from fifteen to ten years. Your Committees reduced the period to ten years as testimony presented to your Committees indicated that while the fifteen year interval is appropriate for the single family leasehold residential lots, the ten year interval is representative of the renegotiation intervals for leasehold condominiums.

4. The lease rent renegotiation formula has been amended to provide for the application of the "original percentage rate" in place of the previous four per cent figure.

5. Where the renegotiation periods for the apartment owners within a horizontal property regime may be different, thereby creating a possibility of numerous different figures for the owner's basis, the owner's basis determined in the first renegotiation may at the lessor's option be used for subsequent leases within a three year period. This amendment is intended to relieve the parties of the renegotiation, particularly the lessor, of having to renegotiate the owner's basis for each apartment owner.

6. A severability clause was added to emphasize the legislative intent inherent in the passage of this bill.

Your Committees believe that utilizing the basic lease rent renegotiation formula structured for leasehold condominiums should provide lessees lease rentals at reasonable rates and lessors a fair return on their land.

Your Committees on Housing and Consumer Protection and Commerce are in accord with the intent and purpose of H.B. No. 77, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 77, H.D. 2 and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Larsen and Masutani.

SCRep. 601

Consumer Protection and Commerce and Higher Education on
H.B. No. 1588

The purpose of this bill is to repeal Chapter 446D, Hawaii Revised Statutes, relating to degree granting institutions and to add a new chapter which would regulate unaccredited degree granting institutions by requiring disclosure of its unaccredited status.

Present law regulates accredited institutions by providing for the issuance of a license to any degree granting institution accredited by an accrediting agency listed as such by the United States Commissioner of Education and for the award of a temporary permit to degree granting institutions which have feasible and acceptable plans for moving toward accreditation.

Your Committees find from the testimony presented that the Department of Regulatory Agencies has had difficulty insuring that an applicant for or holder of a temporary permit has good faith feasible plans for obtaining accreditation because of the nature of the accreditation process which takes place over an extended period of years. Your Committee

therefore feels that because of this difficulty, the purposes of Chapter 446D are not being met due to factors outside of the regulatory control of the Department.

Your Committees also feel that since institutions are unaccredited for a span of time prior to accreditation, the public interest would be best served by a simple disclosure requirement which would insure that prospective students of unaccredited institutions are adequately informed of that status before they pay any fees.

Your Committees on Consumer Protection and Commerce and Higher Education are in accord with the intent and purpose of H.B. No. 1588 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representative Machida.

SCRep. 602 Public Assistance and Human Services and Judiciary on
H.B. No. 609

The purpose of this bill is to require the director of social services to adopt rules providing for the recovery of overpayments of public assistance funds, but gives the director discretionary authority to waive such recovery procedures in cases of bona fide hardship, and in cases where the costs of recovery would exceed the amount to be recovered.

Your Committees have corrected the reference to the "director of the department of social services and housing" to the "director of social services", have made minor technical changes, and have renumbered section 2 as section 3 and added a new section 2 stating the effect of underscoring in the bill.

Your Committees have also amended this bill to provide that the recipient should not be held liable for worker or departmental error.

Your Committees on Public Assistance and Human Services and Judiciary are in accord with the intent and purpose of H.B. No. 609, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 609, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representative Masutani.

SCRep. 603 Consumer Protection and Commerce on H.B. No. 417

The purpose of this bill is to exempt large plastic beverage containers from the ban which is to take effect in Hawaii on July 1, 1979.

In 1977 the Legislature passed the Litter Control Act, one provision of which prohibits the sale, manufacture, or import of plastic beverage containers. Since plastic containers are not biodegradable or returnable for refill, it was the opinion of the Legislature that they would inflict an additional burden on the already troublesome State litter and solid waste disposal effort.

However, according to testimony, beverage containers of thirty two ounces or more are used primarily within households and by general dispensers. Your Committee feels that the use of the larger plastic containers sold under these circumstances would not add significantly to the statewide litter problem. Under this bill only plastic beverage containers under thirty two ounces would be prohibited.

Your Committee, however, feels that an exemption created expressly for fruit juice containers less than thirty two ounces would create an essentially arbitrary classification which would be treated differently under this bill. Your Committee wishes to avoid any equal protection questions regarding the constitutionality of the bill and has therefore deleted the aforementioned exemption.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 417, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 417, H.D. 2.

Signed by all members of the Committee except Representatives Lee and Masutani.

SCRep. 604

Consumer Protection and Commerce and Housing on H.B. No. 1178

The purpose of this bill is to help remedy the problem of tremendous increases in lease rents being experienced by lessees, including cooperative housing corporations by assisting the lessees during the renegotiation of lease rentals to have such rentals set at or not to exceed reasonable levels.

Your Committees heard testimony which indicated a need to provide reasonable lease rent renegotiation guidelines to assure lessees that increases in lease rent will not be beyond what is reasonable. The experiences of the lessees of single family leasehold residential lots are indicative of the potential excessive rentals which may be charged against lessees in a housing cooperative, unless adequate guidelines are established to protect the unsophisticated lessee in a highly complex society. While lease rents were initially set low to be compatible with the then demands of the free market, many factors including population increases and the increasing demands for a place to live in a state where the availability of land for housing cannot similarly increase, have created an imbalance strongly in favor of lessors. The imbalance will increase as population increases together with increasing demands for housing, a necessary commodity which is limited by the limited availability of land. Your Committees find that in order to implement the policy of the state that the people shall have a right to have rentals set at reasonable levels and to enjoy the leasehold estate under reasonable leasehold terms, it is necessary to establish guidelines to assure lessees of reasonable lease rentals.

Your Committees have amended the bill by establishing a new section in Chapter 519, Hawaii Revised Statutes, relating to leases of real property by a cooperative housing corporation.

The amendments provide for a formula to establish the maximum lease rent payable by the lessee upon renegotiation of the lease rent. The formula is structured along the same lines as the formula used for lease rent renegotiation in single family leasehold residential lots; however the formula is tailored to the unique situation of the housing cooperative. Particularly, your Committees provided that the lease rent payable by the housing cooperative upon renegotiation shall not exceed the amount of the "owner's basis" times a percentage rate, referred to as the "original percentage rate", determined to be equivalent to the percentage rate which was or could have been used to set the lease rent for the first fixed lease rent period. The percentage rate is thus determined to be that percentage derived by dividing the annual lease rent of the first fixed lease rent period by the fair market value of the land as of the first day of the first fixed lease rent period. "Owner's basis" or the principal variable in the determination of reasonable lease rents, has been defined to be equal to the fair market value of the land valued as if the fee were unencumbered, less amounts equal to the share of the lessee's contributions to the enhancement of the value of the land resulting from the lessee's maintenance and improvements to the land, and less the share of the cooperative, if any, in the replacement cost of the offsite improvements.

The formula is designed to maintain the relative relationship between the lessor and lessee that existed when the lease rent for the first fixed lease rent period was established, but at the same time taking into consideration a reasonable return to the lessors' based upon the increasing values of the lessor's land.

Arbitration provisions are provided requiring the Hawaii Housing Authority to arbitrate when the parties are unable to agree.

Your Committees believe that the formula as provided in the bill as amended should provide the lessees in cooperative housing corporation lease rentals at reasonable rates and the lessors' a fair return on their land upon renegotiation.

Your Committees on Consumer Protection and Commerce and Housing are in accord with the intent and purpose of H.B. No. 1178 as amended herein and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1178, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives
Larsen and Masutani.

SCRep. 605

Consumer Protection and Commerce on H.B. No. 179

The purpose of this bill is to permit the writing of and to make available package

or multi-peril insurance policies covering commercial risks.

Under present law, purchasers of commercial insurance are required to buy separate policies and pay separate premiums for the various kinds of insurance coverage desired. This bill would delete those provisions which require the separability of premiums and component parts of commercial insurance coverage.

Your Committee finds from the testimony presented that permitting the purchase of multi-peril policies will simplify the writing of commercial insurance, lower the cost of policywriting, accounting and premium collection, and simplify the purchase of such insurance. Your Committee also feels that this bill will provide for a reduction in the cost of premiums to policy subscribers because of the streamlining of the writing process.

While in agreement with the intent of this bill, your Committee finds that a lead-in time prior to implementation is desirable. Accordingly, your Committee has amended the effective date to be January 1, 1980.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 179, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 179, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Dods.

SCRep. 606

Consumer Protection and Commerce on H.B. No. 188

The purpose of this bill is to remedy the situation where a foreign corporation sets up a dummy Hawaii corporation and subsequently merges with it or consolidates, in order to take advantage of the more favorable shareholder approval voting requirements for domestic corporations merging with domestic corporations.

Under present law, a domestic corporation that merges or consolidates with a foreign corporation must obtain, as a condition to merger or consolidation, 90 percent approval of its shareholders. This requirement has led foreign corporations to establish wholly owned domestic dummy corporations which then merge or consolidate with the domestic corporations which their parents originally intended to merge with. In this way, only 75 percent shareholder approval of the domestic corporation is statutorily required instead of the 90 percent required if it were to merge directly with the foreign corporation, thereby effectively circumventing the law.

Your Committee is in agreement with the intent of this bill to remedy this situation. Your Committee finds, however, from the testimony presented that implementation of H.B. No. 188 will result in prohibitive administrative difficulties in enforcement. Every corporate merger will have to be completely investigated to determine whether a domestic corporation is in fact 90 percent owned by a foreign parent and if so whether the domestic corporation exists solely for the purpose of circumventing the 90 percent requirement.

Accordingly, your Committee has amended this bill to conform the shareholder approval requirement for a domestic-foreign corporate merger to the 75 percent requirement for a domestic-domestic corporate merger. Your Committee feels that this change will eliminate the need for circumventing the law and in addition, will eliminate any equal protection questions that may have existed concerning the constitutionality of the present corporate merger law.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 188, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 188, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 607

Consumer Protection and Commerce on H.B. No. 1576

The purpose of this bill is to conform section 408-14 to existing law in Chapter 408A, Hawaii Revised Statutes, which accords with the existing use of thrift accounts by industrial loan companies.

Under present law, a thrift account is clearly defined in the Industrial Loan Company Guaranty Act, section 408A-3(e), Hawaii Revised Statutes, but section 408-14(6) relating to specific powers of industrial loan companies, is not in complete conformance with it.

Your Committee is in agreement that the aforementioned statutory provisions should be conformed and that industrial loan companies may, but need not, require that investors in thrift account certificates issued by them subscribe to a certain amount as was previously required. Your Committee finds from the testimony presented that such a requirement is unnecessary.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1576 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. 608 Consumer Protection and Commerce on H.B. No. 1581

The purpose of this bill is to repeal the "less than \$100" provision relating to minimum finance charges on retail installment contract sales.

Present law provides that the minimum finance charge on a retail installment sale of less than \$100 shall not be more than \$10 when the finance charge is stated in a dollar amount.

Your Committee finds from the testimony presented that it is unnecessary to limit the maximum finance charge allowable to only those retail installment sales of less than \$100, in that many installment sales contracts written in excess of \$100 have a total allowable finance charge of \$10. Your Committee is therefore in agreement with the intent of this bill to provide that the \$10 maximum charge be in effect for all retail installment sales contracts regardless of amount.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1581 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

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

SCRep. 609 Consumer Protection and Commerce on H.B. No. 936

The purpose of this bill is to amend the definition of "owner" under Section 294-2(13), Hawaii Revised Statutes, to include those lessees and debtors under leases or security agreements without an option to purchase.

Under present law, an owner is defined for purposes of the no-fault law to include lessees of motor vehicles but only if the lease agreement includes an option to purchase. This bill would expand that definition to include all lessees regardless of options to purchase so long as the lease is of at least one year's duration.

Your Committee finds that the majority of motor vehicle leases do not have an option to purchase clause included because of the effect of tax laws. Under the definition of owner in Section 294-2(13), the lessor could conceivably be construed to be responsible for carrying the necessary motor vehicle insurance notwithstanding the terms of the lease which require the lessee to obtain insurance and the fact that the lessee has exclusive possession, control and responsibility for the vehicle. Your Committee feels that this bill will effectively clarify this uncertainty.

Your Committee also finds that the intent of restricting the scope of the definition to leases of at least one year is to prevent owners of rental vehicles from transferring the obligation of carrying the required insurance to renters.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 936 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Lee and Masutani.